

The complaint

A company, which I'll refer to as B, complains that Santander UK Plc took the wrong amounts in repayment of its Bounce Back Loan (BBL).

What happened

In July 2020, B successfully applied for a £39,000 BBL from Santander.

BBLs were designed to help businesses get finance more quickly if they were adversely affected by the coronavirus outbreak. Under a government-backed scheme, lenders could provide a loan with a six-year term for up to 25% of the customer's turnover, subject to a maximum of £50,000.

As part of the scheme, borrowers were able to take a limited number of six-month capital repayment holidays. In B's case, Santander mistakenly took some capital repayments at times when it should have taken only interest payments. Accepting that it had got things wrong, Santander refunded the incorrect payments and endeavoured to correct the loan balance. It also paid £100 to B for the inconvenience caused.

B's director wasn't satisfied that the loan balance was correct. He also felt that Santander should pay more compensation. He therefore referred B's complaint to us.

Our investigator thought that Santander should pay 8% interest on the refunded payments and should pay B an additional £150 for inconvenience. Santander accepted those proposals. Also, after some further correspondence with the parties and careful analysis of the available evidence about the payments, the investigator reached the conclusion that the loan balance was – as B's director had argued – just over £500 higher than it should be.

Santander received the investigator's analysis of the payments, but said it was unable to give a timeframe for reaching a conclusion on the discrepancy. The bank therefore offered to reduce the balance of the loan by £502.22, in order to bring the complaint to a resolution.

The investigator thought the bank's offer in total was fair and reasonable.

B didn't agree and asked for the case to be reviewed by an ombudsman. B's director said the offer of effectively returning money that already belonged to the business was another insult. He also said that Santander had never taken into account the stress that the issue had put on the business or on the directors.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done that, I've reached the same conclusions as the investigator and for largely the same reasons.

I should say that the brevity of my decision doesn't reflect the detail and complexity of the analysis carried out by the investigator. Her careful calculations have led to the bank's offer and have made it possible to resolve the main point of the dispute fairly and reasonably.

Santander's offer is to reduce B's loan balance to what B has argued is the correct figure. Coupled with the compensatory interest on the incorrect payments, this means that B will have suffered no financial loss from these events. I think this is a fair and reasonable outcome.

I realise that B's directors feel strongly about the complaint. They say that the compensation should take into account the impact of these events on them personally. But, as the investigator has explained, the complaint here is from the company and so we can only consider the inconvenience caused to the company itself, not to the directors. Considering all the circumstances of the complaint, I agree with the investigator that £250 is fair and reasonable compensation for the company's inconvenience.

My final decision

My final decision is that I require Santander UK Plc to do the following, as it has offered:

- Reduce B's loan balance by £502.22.
- Pay simple interest at 8% per annum on the incorrect payments from the date they were taken to the date they were refunded.
- Pay an additional £150 for the inconvenience caused to B, bringing the total to £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 4 March 2025.

Colin Brown
Ombudsman