

## The complaint

A limited company, which I will refer to as S, complains that Barclays Bank UK Plc treated it unfairly by revoking its access to its accounts without notice, and calling in its Bounce Back Loan.

## What happened

Both parties agree:

- In 2020, S received a £50,000 Bounce Back Loan from Barclays.
- In February 2024 S entered into a Company Voluntary Arrangement (CVA). At the time S had bank accounts with Barclays, one of which included an overdraft facility.
- On 17 July 2024 Barclays issued a formal demand to S for the company's borrowing. The bank called in the Bounce Bank Loan and cancelled the overdraft. It also restricted S's access to its bank accounts.
- Approximately one week later, around 24 July 2024, S regained access to its Barclays bank accounts. It retained that access until mid-August 2024, when Barclays passed management of the accounts to its recoveries department and then closed them.

S complained that Barclays had treated it unfairly in restricting access to its accounts and then closing them without notice. S also complained that Barclays had wrongly said that the Bounce Back Loan was not included in the CVA. Barclays accepted that some of its service had been poor, and offered £175 in compensation. However, the bank said that it hadn't made an error when it closed the accounts and called in the Bounce Back Loan.

One of our investigators looked at this complaint, but he did not uphold it. He said that the terms and conditions of S's accounts with Barclays allowed the bank to restrict S's accounts without notice when S entered into the CVA. He said Barclays could have restricted access to S's accounts in February 2024 when S first entered into the CVA, but S continued to have some access to both its accounts and its overdraft for several months. He also noted that it is unusual for a bank to allow a company to retain access to an overdraft once it has entered into a CVA.

Our investigator initially thought that Barclays might have charged more interest than it should have done on the Bounce Back Loan, but the bank later provided additional evidence that persuaded him the amount of interest Barclays had charged was fair.

Overall, our investigator thought that Barclays' offer of £175 compensation was fair. He thought that the majority of the inconvenience S had suffered was a natural result of its circumstances, but he accepted that Barclays had caused some confusion – and he thought £175 was fair compensation for that confusion.

S's director did not accept our investigator's findings. Briefly, she said:

- Barclays incorrectly told her that the Bounce Back Loan was not included in the CVA, and that Bounce Back Loan payments were still owed. That caused her immense stress, and left her in fear that she would have to close her business entirely.
- Barclays did not allow her to speak to its recoveries team until the middle of August 2024. As soon as she did speak to them, they confirmed that the Bounce Back Loan was included in the CVA. If she had been able to speak to the recoveries team earlier, the position would have been clear by mid July 2024 and she would have avoided a significant amount of stress.
- The stress Barclays caused to her meant she could not focus on running and growing her business. As a direct result of the distraction, she was unable to engage in revenue generating activities. It has also taken her a long time to recover from the physical impact on her health.
- She accepts that our investigator has explained that we cannot award compensation for her personal distress, but she considers that if Barclays had clearly explained at an early stage that the Bounce Back Loan was included in the CVA she would have known that she was not at risk of having to close her business. That clarity would have not only alleviated her personal distress but also reassured her about the stability of her business. Her distraction contributed to a tangible financial loss for S.

### **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 so, whilst I am sorry to further disappoint S's director there is very little I can add to what our investigator has already said. I agree that Barclays' customer service was poor, but I don't think that poor service caused S to suffer a financial loss. Overall, I think the £175 Barclays has already offered does represent fair compensation in this complaint.

Barclays accepts that it should have referred S's accounts its specialist recoveries department much earlier, in February 2024 rather than August 2024. If S's accounts had been dealt with by specialists, then I think it is likely the bank would have given S's director accurate information about the consequences of S's CVA. Instead, various members of the bank's staff told S's director different (and sometimes contradictory) things. As examples, Barclays was not clear about whether the Bounce Back Loan was included in S's CVA, and it was not clear about whether S could benefit from the Breathing Space scheme.

Having said that, I don't think that Barclays' poor customer service caused S to suffer a financial loss. I note:

- Our investigator was right to say that Barclays was entitled to restrict S's access to its accounts without notice. If Barclays had transferred S's accounts to its recoveries department in February 2024, it is likely that S would have lost access to its bank accounts and overdraft in February 2024 rather than July or August 2024. I have seen nothing to suggest that S would now be better off if it had lost access to its access to its accounts earlier.
- I know that S's director has said that Barclays' errors led her to be concerned about the viability of her business, and that the stress the bank caused resulted in her being

unable to undertake work that would have generated additional income. But I have not seen sufficient evidence to persuade me that it was Barclays' poor customer service that caused the director to be unable to undertake work. I consider that the situation she was in was inherently stressful. In addition, my view is that the circumstances that led S to enter into a CVA would in themselves have caused the director to be concerned about S's viability as an ongoing business. In any event, I don't think S has provided enough to show that S's income would have been higher but for the events complained of.

- Barclays accepts that it would have stopped charging interest on the BBL earlier if it had moved S's accounts to its recoveries department earlier, but it says it has already put that matter right.

As a limited company, S cannot itself have suffered distress – corporate bodies cannot have emotions. S's director can certainly suffer distress as an individual, and it is very clear from her comments that she has been through an extremely difficult time. I was sorry to hear about her health difficulties, and I thank her for her openness with us. But our investigator was right to say that we simply do not have the legal power to make an award to S's director, or indeed to any of S's staff. The complainant here is Barclays' customer, the limited company S, and not S's directors or any other individual associated with S. I have no power to make an award to anyone other than the complainant.

Limited companies like S can suffer inconvenience. We publish information on our website about our approach to awards for non-financial loss (including inconvenience), available at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience> .

In this case, Barclays was not responsible for explaining the impact of the CVA to S's director, but it was responsible for giving S's director accurate information about S's Barclays accounts. Barclays failed to do that. The bank has offered £175 to apologise for the inconvenience S suffered as a result. Taking account of our guidelines, looking at what has happened here, and applying my own judgement, I think that offer represents fair compensation.

### **My final decision**

My final decision is that Barclays Bank UK Plc must pay S £175.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 29 April 2025.

Laura Colman  
**Ombudsman**