DRN-5413833

The complaint

M is a company, and it has brought this complaint through its director, whom I'll refer to as "Mr S".

M complains that National Westminster Bank Plc transferred its loan account to collection agents and that it closed its business account.

What happened

In May 2020 M successfully applied for a business current account and a £50,000 bounce back loan ("BBL") from NatWest. The BBL scheme was a government-backed initiative to help businesses which had suffered because of the Covid-19 pandemic and lockdowns.

M's loan was due to run for six years, and no payments were due until June 2021. M was then due to make 60 monthly payments. Shortly before the first payment was due, M applied for a payment holiday. Mr S applied for three further payment holidays, the last of which expired in December 2023. There were insufficient funds to make the payment due in January 2024.

The bank transferred missing payments in January and February 2024 and wrote to M about the shortfall. By May 2024 there was a shortfall on the loan account of nearly £2,000. The bank wrote to M to offer help and support.

Mr S called the bank and discussed the possibility of a term extension under its "pay as you grow" (or PAYG) scheme, which would reduce the monthly payments which M would need to make. It said that Mr S could make an application through its online portal. The bank agreed to put the account on hold for seven days so that he could do so.

Mr S says he tried to do that, but was unable to locate a PAYG option. The bank says that he applied for a further payment holiday, an option which was not available to M.

Mr M says he tried to contact the bank to explain the position, but it did not reply to his emails. NatWest says that the email address he used was not one which was monitored; that was explained in the emails sent from that address.

On 14 June 2024 the bank wrote to M to say that, if the arrears on the BBL were not cleared within 60 days, it would be passed to collection agents. At the same time, it said too that it would close the business account for the same reason. The arrears were not cleared and the BBL was passed to collections and the business account was closed.

Mr S referred the matter to this service, where one of our investigators considered what had happened. She did not recommend that the complaint be upheld, however. She did not believe that the bank had made any errors. Mr S had not applied for a term extension through the portal; whilst he had sent emails to NatWest about the situation, he had used an email address which was not monitored. He could have used an alternative means of communication, as he had done in the past.

Mr S did not accept the investigator's conclusions and asked that an ombudsman review the case. In doing so, he said, amongst other things, that it was unfair that the unmonitored email address did not send automatic replies, that its communications were not clear, and that the bank's actions had undermined the purpose of the BBL scheme. He also stressed the financial damage which the bank's actions had inflicted on M.

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.

I have however reached the same overall conclusions as the investigator did, and for similar reasons. I think it is clear that M was having difficulty making the monthly payments originally scheduled under the terms of the BBL. That is shown by the account history and the need to reschedule the loan payments.

I accept that Mr S had difficulty navigating the bank's online portal to apply for a term extension. It may be that he was looking for a PAYG option, and the bank has said that was an option within the term extension section.

However, Mr S knew that he had not successfully applied for an extension. He could have contacted NatWest by telephone, as he had done on 3 June 2024, to discuss the matter further. Instead, he used an unmonitored email address. In my view, it was clear that the address was not monitored and was not, therefore, an appropriate way for Mr S to try and address M's difficulties with the loan.

I believe too that the bank had made clear the likely consequences for M if the loan arrears were not repaid or the loan rescheduled. Since there were repayments outstanding and no extension had been agreed, I believe NatWest acted fairly in passing the loan account to collections and closing the current account.

Finally, I am satisfied that the bank gave M appropriate notice before closing the business account. It was sufficient time to enable the company to make alternative arrangements, if it needed to do so.

My final decision

For these reasons, my final decision is that I do not uphold M's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 29 September 2025.
Mike Ingram
Ombudsman