

The complaint

Mr W complains that New Wave Capital Ltd (trading as Capital on Tap) treated him unfairly in relation to a personal guarantee.

What happened

Capital on Tap told us:

- In October 2022 Mr W was a director of a limited company (which I will call J). Mr W signed a Revolving Credit Facility Agreement on behalf of J, which allowed J to borrow from Capital on Tap. The initial credit limit was £35,000.
- The documentation Mr W agreed to included a personal guarantee, which explained “By giving the guarantee contained in this guarantee, you [Mr W] might become liable instead of or as well as the Borrower [J]”.
- In May 2024 it increased J’s credit limit to £45,000. At that time, J was repaying its account monthly with no financial concerns raised. Capital on Tap emailed Mr W to tell him about the increase. That email included the note “If you would prefer to remain on your previous limit or have any queries, please let us know by replying to this email. If you entered into a personal guarantee in connection with this account, the personal guarantee will extend to your new credit limit”.
- Mr W did not contact it to say that he did not wish J’s credit limit to be increased, and J utilised the higher limit.
- In June 2024 J’s direct debt to repay its facility was cancelled, and J’s account fell into arrears.
- In July 2024 Mr W explained that J was about to enter into liquidation, and that he was seeking legal advice in relation to the personal guarantee.
- It made several attempts to contact Mr W during July and August 2024, but eventually its Specialist Support Team spoke to Mr W on 12 August 2024 and agreed a six-month arrangement for Mr W to pay £500 a month towards J’s debt, starting on 2 September 2024. The account was moved to 0% interest on 19 August 2024.
- The six payments of £500 were all made as agreed. In January 2025 the six-month arrangement completed, and it emailed Mr W on 31 January 2025 to remind him that the account remained in arrears. It asked him to call its collections team if J was unable to resume its contractual obligations.
- Mr W and his representative both contacted its Customer Support Team in early February 2025, and it was agreed that Mr W would pay £250 a month for the next three months. However, due to an error its Collections Team was not notified of that agreement, and they terminated J’s account on 12 February 2025. The account

would not have been terminated on that date had its Collections Team been aware of the agreement Mr W had reached.

- It reversed the 12 February 2025 termination, and offered to pay Mr W £200 to compensate him for the distress that it caused. However, it said it might still terminate the account at a later date if a new payment arrangement could not be agreed.

Mr W told us:

- Capital on Tap did not tell him that it was treating him as a guarantor of J's debt, and it did not provide any transparency or clarity.
- If he had known that Capital on Tap had taken a personal guarantee, he would never have agreed to the borrowing. Other providers make personal guarantees absolutely clear.
- Capital on Tap's electronic platform disguised the relevant documents, and they were not easily accessible to him.
- Capital on Tap irresponsibly increased the credit available to J.
- The debt is over £45,000, and he cannot afford to repay it. He considers that he was mis-led and mis-sold. The matter has seriously impacted his mental health.
- He would like Capital on Tap to acknowledge that the debt belongs to his limited company only, and not to him personally.

One of our investigators looked at this complaint. Briefly, he thought Capital on Tap had made the nature of the personal guarantee clear, and that it had behaved reasonably when it asked Mr W to pay his company's debt. He noted that Capital on Tap had accepted that it made a mistake when it terminated the account despite Mr W's payment arrangement, but he thought the compensation Capital on Tap had already offered was fair.

Mr W did not accept our investigator's conclusions, and asked for the matter to be referred to an ombudsman.

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 Mr W there is very little I can add to what our investigator has already said. I agree with our investigator that the offer Capital on Tap has made is fair. But I will make some additional comments below.

I acknowledge that the documents Mr W completed for Capital on Tap are likely to have been different to the documents he completed for other providers. But nevertheless I agree with our investigator that the personal guarantee was clearly set out. Mr W agreed to guarantee all of J's obligations to Capital on Tap, including "all money and liabilities now or hereafter due, owing or incurred to the Lender by the Borrower in whatsoever manner". I also note that the personal guarantee document strongly recommended that Mr W took independent legal advice before agreeing to the guarantee.

Looking at the evidence both parties have provided, I am satisfied that Mr W did know that J's credit limit had increased to £45,000. He had the opportunity to tell Capital on Tap that he didn't want the increase, but he did not do so – and instead J utilised the increased credit. I see nothing unfair or unreasonable about Capital on Tap's actions in increasing J's credit limit.

Overall, I don't think Capital on Tap acted unfairly when it told Mr W that it intended to pursue him for the whole of the debt incurred by J. However, I do think Capital on Tap was wrong to terminate the account when Mr W was complying with the terms of an agreed payment arrangement. Capital on Tap has already apologised for that error, and I think its £200 offer is fair compensation for the distress and inconvenience Mr W suffered as a result.

My final decision

My final decision is that New Wave Capital Ltd (trading as Capital on Tap) acted fairly when it asked Mr W to pay the whole of the debt J incurred. However, if it has not already done so, New Wave Capital Ltd must pay Mr W £200 to compensate him for the distress and inconvenience it caused him when it terminated the account on 12 February 2025.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 6 January 2026.

Laura Colman
Ombudsman