

## **The complaint**

Mr U, a sole trader, complains about the way Barclays Bank UK Plc treated him in relation to a loan. Briefly, he says that Barclays changed the terms of the loan, and that delays in the application process meant that he lost access to time-sensitive opportunities.

## **What happened**

Mr U told us:

- From around February 2023, Barclays sent him various communications about being pre-selected for business loans of up to £34,000 over ten years.
- Barclays then changed its mind, and offered him a loan of a lower amount over a shorter term.
- Barclays sent him some paperwork to sign, confirmed it was correct when he visited a branch, then two weeks later told him that the paperwork was wrong. He had to visit a branch again to fill out paperwork for the second time. That meant his loan application took an additional three weeks.
- When he was finally offered a loan, he was told that he needed to choose between a fixed or a variable rate. But Barclays refused to tell him what those rates were. He questioned the bank several times until it finally gave him the rates, which allowed him to choose. The rates issue added at least a week of delay to his application.
- He needed the loan because he had the opportunity to buy out a person he regularly works with. The buyout would have considerably reduced his outgoings, and meant that he had more money available for debt repayment. The documentation says he needed the loan to purchase a van, but Barclays knew that was not true.
- Overall, Barclays delayed for so long that the buyout opportunity was no longer available to him. That means his profit is lower than he anticipated it would be, and he is struggling to afford the loan. Barclays' actions have driven him into unaffordable debt.
- To resolve the complaint, he would like Barclays to pay him £10,000 in compensation for his lost buyout opportunity. He would also like the bank to extend the term of his loan so that his monthly payments are halved.

Barclays told us:

- The pre-selected offers that it sent to Mr U could be withdrawn at any time and were always subject to status.
- Mr U first contacted it about a loan application in October 2023. It explained that before it could process an application, it needed him to complete its Know Your

Customer (KYC) process (by completing forms and providing identity documents). This delayed the application process but could not have been avoided.

- Once the KYC process was complete, Mr U agreed to a loan of £30,000 over a 7-year term. Mr U was in discussion with a Barclays Lending Manager throughout this process, and he was happy with the terms and conditions of the loan when it was drawn down in November 2023.
- It accepts that its customer service was poor, and that there were delays. It has offered Mr U £150 to apologise for those issues, and that offer remains open for acceptance. However, it does not agree that it is liable for any loss of opportunity or loss of business that Mr U may have suffered.
- It notes that if the business opportunity was no longer available to Mr U once he had drawn down the loan, he had the option to repay the debt and cancel the loan within 7 days of drawdown. Mr U chose not to do that, which suggests that he wanted the loan regardless of whether the business opportunity he mentioned was available to him.
- If Mr U is struggling with repaying his loan, Barclays can offer support. It has provided him with the telephone number for its Business Financial Assistance Team (0333 202 7414).

One of our investigators looked at Mr U's complaint, but she thought Barclays' offer of £150 was fair in the circumstances.

Mr U did not accept our investigator's findings. He said that Barclays gave him false information, delayed his loan, and asked him to make a decision without telling him the rates – and so compensation of £150 is nowhere near sufficient.

I issued a provisional decision on this complaint, and said:

“Mr U has made detailed representations in support of his complaint. I confirm that I have read those representations in full, but I have not addressed them in the same level of detail. I do not intend any discourtesy by that; it simply reflects the informal approach of the Financial Ombudsman Service.

Having carefully considered everything the parties have said, whilst I am sorry to further disappoint Mr U, I think the offer Barclays has already made is fair. I give further explanation below.

#### *Loan terms*

Mr U provided us with copies of literature Barclays sent to him which said he had been “pre-selected for business lending of up to #34,000 [sic]. Subject to status”. But when he spoke to a member of Barclays' staff, he was told that on one of the bank's systems he had been “pre-assessed” for £34,000 but on another he had been “pre-assessed” for £12,000. He made clear that he was upset, frustrated, and felt that the bank had beaten him down.

I understand why Mr U was disappointed to find that he might not be able to borrow as much as he wanted, but I consider that Barclays was always clear that it would lend “up to” £34,000 – that is, not necessarily as much as £34,000 – and that any lending was subject to status. I haven't seen any

evidence that shows Barclays promised to lend him a certain amount before it had fully assessed his application.

Having listened to Mr U's various calls with Barclays, I am satisfied that he told the bank that he would prefer a term of ten years but was prepared to consider a shorter term of five or six years. The loan offer Barclays ultimately made was for a term of 84 months (7 years). Barclays is entitled to choose the terms on which it wishes to offer loans, and it would not be appropriate for me as an ombudsman to interfere with Barclays' commercial judgement. Mr U is also entitled to choose whether he wishes to accept the terms Barclays offers. In this case Mr U did choose to accept Barclays' offer, and so I cannot say that Barclays did anything wrong in offering an 84-month term.

### *Customer service and delays*

Part of the delay here was caused by Barclays' KYC review. In principle, I have no concerns about Barclays' decision to carry out that review. Banks in the UK are strictly regulated, and Barclays' KYC review helped it to meet its legal and regulatory obligations. However, I do have some concerns about the way that review was carried out.

I've listened to Mr U's calls with Barclays. His frustration is evident from a very early stage, and he often mentioned that he was pleased the calls were recorded because he wanted to refer the matter to the Financial Ombudsman Service.

I note that Barclays told Mr U at the very beginning of his loan application process that his KYC details were "up to date". It later transpired that was not true. Whilst I think Barclays was entitled to carry out the KYC review, I also think the bank caused unnecessary disappointment when it said it had everything it needed when that wasn't the case.

In addition, Mr U had significant difficulties in completing the KYC review. He explained in his calls that he had taken both the KYC form and his identity documents to a Barclays branch, but only the form made its way to the KYC team. He then made at least two failed attempts to provide the documents Barclays needed using an online link, before eventually successfully completing the KYC process.

Overall, the KYC process was completed in less than a month. If Barclays had been clear about timescales, I would have said that a month was not an unreasonable time. But given the confusion about whether the KYC process was required at all, together with the difficulties Mr U experienced, I think Barclays' customer service could and should have been better here.

I also think Barclays could have done more to provide Mr U with information about the loan at an earlier stage, and I note that he wasn't always able to speak to staff who had the information he needed.

### **Putting things right**

For the reasons I've given above, I think Barclays did make some mistakes with its customer service. But that does not automatically mean that it would be fair for me to order Barclays to pay compensation. I must consider the impact of Barclays' mistakes on Mr U. In particular, I must consider whether

Barclays' mistakes caused him to suffer financial loss, distress, or inconvenience.

I'm not satisfied that Barclays' delays caused Mr U to suffer a financial loss, of £10,000 or of any other amount. He explained during his first call that the matter was time sensitive, and that he might lose the buyout opportunity if Barclays did not provide him with a loan within 48 hours – but I've seen nothing to suggest that Barclays promised Mr U that it would lend him money within a certain time period (or at all). On the contrary, all the documentation I have seen made clear that the offer of a loan was subject to status. The pre-selected offers didn't mean that Mr U was guaranteed to be offered a loan of a certain amount within a certain time. So, whilst I think that Barclays did cause some delays, I don't think it would be fair for me to make an award for loss of business opportunity.

I also note that Mr U explained during his calls with the bank that he wanted approximately £20,000 because he had a business opportunity to buy out a friend he worked with, but he wanted to borrow £30,000 so he would also have funds available to buy a van. Mr U said that the immediate impact of taking the loan would be that he would make a monthly loan payment to Barclays instead of a payment to his friend. Mr U has not provided any supporting evidence with respect to the business opportunity – so I have not seen any documentation to show that it was available in the first place. Similarly, I have not seen any documentation to show that it was withdrawn, nor anything to show that Mr U's friend has not (or will not) reinstate the business opportunity. But even if I did have documentation, I don't think it would be fair for me to hold Barclays responsible for Mr U's friend's decision to withdraw the business opportunity.

(I'm aware that Barclays has noted that its terms and conditions say that it will not pay compensation for loss of profit. Those terms and conditions are a relevant consideration here, but they are not determinative. If I thought it was fair and reasonable for me to make an award for financial loss, I would do so. But here, I don't think such an award would be fair.)

I'm also satisfied that Barclays' failure to give Mr U information about his options at an early stage did not cause him to suffer a loss. By the time he signed the facility letter on 29 November 2023, he knew the terms of the loan Barclays was offering to him. If he did not want to accept those terms, he could have chosen not to take the loan.

However, I do think Barclays' mistakes caused Mr U to suffer inconvenience. We publish information on our approach to awards for non-financial loss on our website, available at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience> . We say there:

“An award between £100 and £300 might be fair where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out. These typically result in an impact that lasts a few days, or even weeks, and cause either some distress, inconvenience, disappointment or loss of expectation.”

I know that Mr U will strongly disagree with me, but I think Barclays' mistakes here can be fairly described as “repeated small errors”. Looking at what

happened, taking our guidance into account, and applying my own judgement, I consider that Barclays' offer of £150 does represent fair compensation.

I have noted that Mr U would like Barclays to make changes to his loan, but I don't think it would be fair for me to order any changes as a resolution to this complaint. As I've said, Mr U knew what the terms were at the time he chose to accept the loan, and in this case, I don't think it would be appropriate for me to interfere with the terms both parties agreed.

Barclays has said that if Mr U is struggling with payments, it is prepared to consider making changes to help him – but that Mr U will first need to speak to its Business Financial Assistance Team. I consider that Barclays' position here is reasonable, and it is what I would expect of a bank in these circumstances.”

Neither party provided any new information in response to my provisional decision.

### **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, I have reached the same conclusions as I did in my provisional decision, for the same reasons. I therefore confirm those provisional conclusions as final.

### **My final decision**

My final decision is that I order Barclays Bank UK Plc to pay Mr U £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 28 July 2025.

Laura Colman  
**Ombudsman**