

The complaint

A limited company, which I'll refer to as 'S', complains that Barclays Bank UK PLC defaulted its Bounce Back Loan ("BBL"), and with several aspects of the service it received surrounding that.

S's complaint is brought to this service by its director, whom I'll refer to as 'Ms A'.

What happened

S had a BBL with Barclays which had fallen into arrears such that a final demand had been issued on 3 September 2024 which required repayment of the full outstanding loan balance. Ms A spoke with Barclays on 6 September and agreed an arrears repayment ("AR") plan to clear the BBL arrears over the next 14 months. However, S didn't then make the agreed AR plan payments for the first two months of the plan, which meant that the plan failed.

On 6 November, Ms A contacted Barclays again and asked to arrange a new AR plan to clear the account arrears over a set period. However, because several previous AR plans had been agreed with S, all of which had failed due to non-payment (including the last one agreed in September), Barclays declined Ms A's request and explained that no further AR plans would be offered to S. Ms A wasn't happy that her request for an AR plan had been declined, and she felt that a bank error in early 2024 had caused one of the previous AR plans to fail. So, she raised a complaint on S's behalf.

In late December, while S's complaint was still being investigated by Barclays, Ms A spoke with Barclays and asked for a hold on their collections and recoveries process while the complaint was ongoing. In response one of Barclays agents explained to Ms A that Barclays had noticed a mismatch in the balance stated on the final demand and the balance showing on Barclays systems, and that S would likely receive a new final demand from Barclays confirming the outstanding balance.

On 7 January 2025, Barclays issued a new final demand to S for the BBL. This demand requested immediate repayment of the full outstanding BBL balance and explained that the loan could be defaulted if this payment wasn't received – although the letter didn't give any date as to when the payment should be received by.

Barclays then responded to Ms A's complaint on 9 January but didn't feel that they'd done anything wrong by declining her request for another AR plan on the basis that previous AR plans had all failed. However, Barclays did note that Ms A hadn't received a call back from them when she requested one, and they apologised to Ms A for this and offered to pay £25 compensation for and trouble or inconvenience caused as a result.

Ms A then contacted Barclays and raised several further points of complaint with them. The first of these was she had been unable to access S's BBL statements online. Barclays upheld this aspect of Ms A's complaint and explained that an error had meant that statements for S's BBL hadn't been produced – which was why Ms A couldn't access them.

Ms A also complained about the confusion surrounding whether S's direct debit for the

ongoing contractual monthly BBL payments remained active or not. Barclays confirmed that they had cancelled S's direct debit in November 2024, after several loan payments had been missed, but acknowledged that letters had been sent to S by mistake which indicated that the direct debit had still been active. Barclays apologised to Ms A for this and upheld that aspect of her complaint.

Further points of complaint were that a direct debit payment taken in October 2024 wasn't correctly reflected on the direct debit mandate and that Ms A had to ask several times what the correct arrears balance was. Barclays upheld these complaint points and confirmed that the payment had been received in October 2024 but wasn't reflected on the direct debit mandate, which had then caused confusion about what the total arrears amount was.

Ms A felt that the final demand sent to S hadn't contained all the information that it should reasonably have contained. Specifically, it didn't say by what date S needed to come to an arrangement with Barclays to prevent the defaulting of S's BBL. Barclays upheld this complaint point and apologised to Ms A for the lack of clarity on the final demand.

Ms A also complained that how a call was handled by Barclays when she called to arrange to repay the loan arrears in full. However, this point of complaint was not upheld by Barclays as they could find no record of such a call in their contact log.

Barclays then ended the complaint response letter by reiterating to Ms A that no further AR plans would be offered to S because of the several previous AR plans that had been provided but had then failed due to non-payment. However, in consideration of the trouble and inconvenience S may have experienced resultant from the points of complaint Barclays had upheld, Barclays increased the amount of compensation being offered to S from £25 to £225 and credited that amount to S.

While Barclays were reviewing Ms A's updated complaint, Ms A contacted Barclays to ask about the final demand issued on 7 January and was told that while the demand stated that repayment of the full outstanding BBL balance was required, S could satisfy the demand and avoid the defaulting of the BBL if it cleared the arrears on the account in full before the demand expired.

This led Ms A to expect an updated final demand from Barclays which would list the arrears total amount only (not the full outstanding BBL balance) and include a date by which that arrears amount should be paid to avoid the defaulting of the loan.

Ms A chased this updated final demand from Barclays on several occasions but didn't make any payment towards S's loan. And, on 20 February 2025, over six weeks after the latest final demand had been issued, Barclays defaulted S's BBL and closed its other business accounts, including a business current account ("BCA") and moved funds from those accounts to offset the remaining BBL debt. Ms A wasn't happy that this had happened, so she referred S's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel Barclays had acted unfairly by declining Ms A's request for another AR plan or by following the collections and recoveries processes they had. And they also felt that the compensation that Barclays had paid to S provided a fair outcome to the aspects of S's complaint that Barclays had upheld. Ms A didn't agree, and so the matter was escalated to an ombudsman for a final 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'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

I also note that Ms A has provided several detailed submissions to this service regarding S's complaint. I'd like to thank Ms A for these submissions, and I hope that she doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.

This means that if Ms A notes that I haven't addressed a specific point that she's raised, it shouldn't be taken from this that I haven't considered that point. I can confirm that I've read and considered all the submissions provided by both S and Barclays. Accordingly, I can also confirm that if Ms A notes that I haven't responded to a specific point she's raised, I have considered that point, but I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

I'm aware that Ms A experienced some difficult personal circumstances around the time under consideration here, and that she found what was happening surrounding this complaint to be very upsetting. I don't mean or intend to diminish the personal impact of what took place on Ms A, but because this complaint is raised in the name of S, the limited company, the rules by which this service must abide include that I'm unable to consider any personal upset or frustration that Ms A, or any other director of S, may have incurred. Instead, I can only consider the impact of what happened on S, the limited company. And because a limited company is a legal entity, and not a person, it cannot be upset or frustrated, although it can be inconvenienced.

It's also important to note that the rules previously mentioned, which can be found in the Dispute Resolution ("DISP") section of the Financial Conduct Authority ("FCA") Handbook, include that this service can't consider a complaint about how a business has handled a complaint, even if that complaint is about a regulated financial matter. This means that I won't be able to consider any dissatisfaction Ms A might have about how Barclays have handled the complaint that she's raised and pursued on S's behalf.

When assessing this complaint, the first point I've reviewed is whether I feel it was fair for Barclays to have declined Ms A's request for a further AR plan, with Ms A having negotiated three previous AR plans on S's behalf with Barclays, all of which had failed because S had then not made the payments as required by those plans.

Upon consideration, I don't feel that Barclays did act unfairly by declining Ms A's request for a fourth AR plan in such circumstances. One reason for this is because it seems reasonable to me that Barclays would decline Ms A's request, and I feel it's fair for them to have felt that there was little chance of S honouring the promise to pay that Ms A wanted to make on S's behalf, given that three previous promises to pay hadn't been kept.

Indeed, it must be noted that it's relatively unusual for three AR plans to be provided to a limited company in these circumstances, although it's my understanding that Barclays provided the third AR plan to S as an exception because of the difficult personal circumstances that Ms A experienced. It's commendable that Barclays would offer such extended forbearance to S in consideration of the personal circumstances of its director. But

it wouldn't be expected that a loan provider would provide ongoing forbearance indefinitely.

Where a loan account holder has shown that they can't recover the position of their loan – which I feel it was reasonable for Barclays to conclude in this instance, given that S had previously had three AR plans, all of which had failed – loan providers such as Barclays have an obligation to prevent their account holder from incurring ongoing interest and charges and thus falling further and further into debt. And loan providers meet this obligation by defaulting the loan, which freezes the account balance and stops further interest and charges from being incurred.

Ultimately, S didn't make its contractually required payments towards its BBL. And even when Barclays issued a final demand in January 2025, and when Barclays explained that S could avoid having its loan defaulted by clearing the full account arrears before the collections and recoveries process progressed, S still didn't make the required payment to the loan to stop it being defaulted.

Ms A has explained that she wanted an updated final demand to confirm Barclays position that S only needed to clear the account arrears. But a final demand is a formal document, and one that by its nature will always require the full outstanding account balance. If it didn't, then it wouldn't be a final demand. And while Barclays did explain to Ms A that S could avoid the BBL being defaulted if it cleared the arrears before matters progressed, that was an informal offer, and not one that could or would be formally stated.

Ms A might argue that she didn't make the payment because she didn't receive the updated final demand she was promised. But I feel that the important points here are that Ms A was aware that S's account was very close to being defaulted (a fact explained in the final demand), that Ms A knew that S could avoid its BBL being defaulted if it made a payment to clear the full arrears amount in the very near future, and the fact that S didn't make that payment. And I don't feel that it was reasonable for S to not make a payment that Ms A knew was immediately required because she was waiting for a letter to confirm to her information that she had verbally been told.

Ms A has also said that she feels that the final demand letter was unfair because it didn't include a date by which S had to make the payment. But again, the offer of avoiding the default by clearing the arrears in full was an informal one, and it isn't unusual for a business to not include a date by which full repayment of the outstanding account balance is required to provide some flexibility to when matters progress. Notably, Barclays did uphold this aspect of Ms A's complaint, but I do not think that the absence of a date was unfair.

If Barclays had moved quickly to default S's BBL after issuing the formal demand, then I might feel that the absence of a date on the final demand was unfair. But in this instance, Barclays didn't default the BBL until over six weeks after the final demand was issued. And I feel that by any reasonable standard, that was enough time for S to have made a payment to clear its account arrears in full, had it been able to do so.

Ms A objected to our investigator making the conclusion that S couldn't afford to make a payment to clear the account arrears in full. But at that time, S's account was in prolonged arrears, with multiple payments having been missed, and three AR plans all having failed for non-payment. In these circumstances, I don't feel that it is unreasonable to conclude that S most likely couldn't afford to make a payment to clear the account arrears in full, not least because S had recently failed to make payments towards an AR plan wherein it could clear the arrears in instalments. And I feel that if S could have made a payment to clear its BBL arrears and avoided the defaulting of its account, it would most likely have done so.

This is important because Barclays have made mistakes here. They didn't produce

regulatory statements for the loan, meaning that S couldn't access them. They did send letters to S that appeared to indicate that its direct debit was still active, and they didn't accurately reflect a payment that S did make on the direct debit mandate which did cause confusion as to the total arrears amount. However, given that I don't feel that it was likely that S could have made a payment to avoid its BBL being defaulted, I don't feel that these errors contributed to S's BBL being defaulted as Ms A contends.

This means that while I feel that Barclays should fairly and reasonably have compensated S for the poor service it received in these regards, I don't feel that the outcome that occurred here – the defaulting of S's BBL – was unfair. This is because I feel that it's likely that S's BBL would always have defaulted, even if the poor service S received didn't take place, because I feel it's likely that S couldn't have made a payment to avoid the BBL being defaulted.

In taking this position, I note that issues that S had with its direct debit, and I accept that there was confusion as to whether the direct debit was in place. But while Ms A has said that payments were missed because Barclays didn't take them, I don't feel that she has reasonably explained why she didn't make those payments by another channel, such as by online banking or by telephone, when the direct debits weren't taken.

Ultimately, it was S's responsibility to have made the contractually required loan payments. And while it may have been inconvenient for S to have made those payments by other channels, it was expected to have done so, if necessary, such as would have been the case where a direct debit payment wasn't being taken. In short, if Barclays did fail to take a direct debit payment, that didn't absolve S of its contractual requirement to make that payment.

In consideration of the poor service that S received, as described above, I feel that the apology and compensation that Barclays have already paid in response to this complaint already represents a fair resolution to those complaint points. In taking this position I've thought about the impact of what happened on S, the limited company, which as explained previously in this letter is a legal entity that can be inconvenienced by which can't be upset or frustrated. And I've also taken into consideration of my wider position that the poor service that S received didn't in all likelihood have any tangible impact on whether S could have avoided the defaulting of its BBL.

Finally, Ms A is unhappy that when Barclays defaulted S's BBL they also closed S's other business accounts and used the money in those accounts to reduce S's outstanding BBL debt. Ms A feels that Barclays own terms and conditions dictate that they should have provided S with notice of their intention to close the accounts. However, Barclays terms and conditions also include the following:

"We may also end this agreement immediately or on less notice (and stop providing services and close your account) if we reasonably believe you have seriously or persistently broken any terms of this agreement, or any other agreement you have with us."

In this instance, S had seriously broken the terms of an agreement with Barclays, because it had failed to make its contractually required BBL payments such that its loan had been defaulted. As such, I don't feel that Barclays acted unfairly or unreasonably by closing S's other business account with immediate effect as it did.

Furthermore, the terms of the BBL include that in the event of default, Barclays can use money present in other accounts owned by the loan holder to repay or reduce the outstanding defaulted BBL debt. S's directors accepted the terms of the BBL when they accepted the loan on S's behalf, and Barclays didn't need any further consent from S to

apply its right to offset about which Ms A here complains.

I realise this won't be the outcome Ms A was wanting here, but it follows from all the above that I won't be upholding this complaint or instructing Barclays to take any further or alternative action. This is because I don't feel that Barclays did act unfairly by not offering a further AR plan or defaulting the loan, and because I feel that Barclays have already fairly compensated S for the secondary issues it experienced. I hope that Ms A will understand, given all that I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 11 November 2025.

Paul Cooper
Ombudsman