

The complaint

Mr H gave a personal guarantee for borrowing by his company, which has since been dissolved. He complains that Barclays Bank UK PLC is unfairly relying on his personal guarantee. He says the bank obtained both the company's loan agreement and his guarantee under false pretences.

What happened

Mr H held, through another company, a majority share interest in a company which I'll call W. In July 2019, W successfully applied for a £150,000 loan from Barclays under the Enterprise Finance Guarantee Scheme. Mr H gave a personal guarantee for W's borrowing.

Early in 2023, W passed a resolution to wind up the company, and liquidators were appointed. Barclays requested the full outstanding balance of the loan from W, but the business couldn't fulfil the request and the bank therefore called on Mr H's personal guarantee.

Mr H complained to the bank, saying the loan had been mis-sold. Barclays didn't agree, but it offered compensation of £100 to recognise the inconvenience that the matter had caused.

Unhappy with the bank's response, Mr H referred his complaint to us, saying that the only viable option was for Barclays to write off the debt. He said the Barclays representative told him the loan would never have to be repaid, because of the EFG guarantee from the government. He said the bank informed him that he didn't need to seek legal advice. He believed he'd been scammed into signing the personal guarantee.

Our investigator didn't think Barclays had acted unfairly in pursuing the debt. She based her findings on (a) the volume of the documents given to Mr H at the time saying that the borrower was responsible for 100% of the loan and that the government's EFG guarantee was for the bank, not the borrower; and (b) that the documentary evidence showed that Mr H received independent legal advice on signing the guarantee, which would have taken into account the nature of the borrowing.

Mr H didn't agree with the investigator's findings. He said that he never had a meeting with his solicitor, and information from the bank had been fabricated. Had he been told by his solicitor that he would be liable, he wouldn't have gone ahead.

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'm sorry to disappoint Mr H, but I've reached the same conclusion as the investigator and for largely the same reasons.

When Mr H signed the facility letter on behalf of W on 11 June 2019, he also nominated a solicitor for independent legal advice (ILA) in respect of his personal guarantee. Three

weeks later, on 4 July 2019, the solicitor signed an ILA confirmation letter, which informed the bank as follows:

I confirm that I act for the Surety who has signed the Security Document in my presence after I had explained to her/him the details of the liabilities of each principal debtor to the applicable Barclays entities as disclosed to me in your letter of 14 June 2019 (which enclosed the Advice of Present and Proposed Liabilities document), the terms of the Security Document and the practical consequences of entering into this.

The Surety wishes to proceed with the transaction.

As described above, Mr H signed the personal guarantee, with the solicitor signing as witness. The personal guarantee was for any money or liabilities that W owed or may owe the bank under the terms of the facility letter.

These documents indicate that Mr H signed the personal guarantee in the presence of the solicitor after receiving legal advice on the guarantee and on W's liabilities under the EFG loan, as set out in the facility letter. The facility letter contained the following explanation in its Key Terms:

The borrower is responsible for the repayment of the Facility

The EFG guarantee is provided to the Bank and not to the Borrower. The Borrower remains responsible for repaying the whole of the loan at all times

I'm therefore satisfied that Mr H had legal advice on his liability before signing the personal guarantee. I'm also satisfied that the solicitor who advised him was aware that the EFG guarantee was for the bank and not for the borrower, that the liability for repaying the loan debt would remain with W, and that, if W could not pay, the bank would seek to recover the money from Mr H under the terms of his personal guarantee.

I also note that in the information declaration which accompanied the loan application, Mr H signed on behalf of W on the same page as the following statement about the EFG guarantee:

the guarantee is not provided to me and I remain fully liable for the repayment of the whole of the facility at all times and in the event that I default on the terms of the facility (for example, by failing to make the specified repayments), the Lender is entitled to seek to recover the full amount outstanding from me

Even before Mr H received legal advice, Barclays had therefore provided him with at least two documents – the facility letter and the information declaration – stating that the bank would seek to recover the full loan debt from W. Mr H signed both documents on behalf of W. But even if he hadn't read or fully understood the details of the documents he signed for W, I'm satisfied that he then received independent legal advice from the solicitor on W's liabilities and his own liabilities as personal guarantor, before he signed the personal guarantee.

For these reasons, I can't reasonably say that Barclays has acted unfairly in holding Mr H to his personal guarantee for all of W's debt for the loan.

Mr H has pointed out that in its response to his complaint, Barclays said that although the staff member involved in 2019 had left the bank and it was unable to get his version of events, it agreed it had let the customer down with its service. But I note the bank also said in the same letter that it was unable to agree that the EFG Loan had been mis-sold, *"and this*

part of the complaint will not be upheld." I therefore don't think that the bank's acknowledgement of service failures, or its offer of £100 for inconvenience, was an admission that the loan or guarantee had been mis-sold.

In any event, Mr H took legal advice after the loan discussions with the bank, and he isn't arguing that misleading information from the bank led him to ignore his solicitor's advice. Rather, he's saying that he received no legal advice, and that documents signed by him and his solicitor are fabricated. He has said "*signatures were added later claiming I received financial advice which is a lie*" and he has referred to them as forged documents. But there's no supporting evidence to suggest that the ILA confirmation letter, signed by the solicitor, was fabricated by the bank. I've looked at copies of all the signed documents mentioned above and it's my belief that Mr H did receive independent legal advice on his personal liability before he signed the personal guarantee. I therefore think the bank is entitled to rely on the personal guarantee.

For the above reasons, I don't find that Barclays have acted unfairly or unreasonably by relying on the personal guarantee which Mr H gave for W's borrowing.

If Mr H wishes to accept Barclays' offer of £100 for inconvenience, then he should contact the bank direct.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 1 July 2025.

Colin Brown
Ombudsman