

## **The complaint**

A company, which I'll refer to as Y, complains that Bank of Scotland plc (BoS) failed to close its business current account when requested in November 2023.

## **What happened**

Y had a business current account with BoS, with an overdraft facility of £7,000.

In May 2020, Y successfully applied to BoS for a £10,000 Bounce Back Loan (BBL). BBLs were designed to help businesses get finance more quickly if they were adversely affected by the coronavirus outbreak. Under a government-backed scheme, lenders could provide a loan with a six-year term for up to 25% of the customer's turnover, subject to a maximum of £50,000.

In the autumn of 2023, it became clear that Y had insufficient assets to meet its liabilities and was insolvent. Y's director, Mrs D, set about winding up the company.

Mrs D said she visited a BoS branch in November 2023 and asked for all direct debits and standing orders to be cancelled, and for the business current account to be closed. Further to her request, Mrs D said she received a letter confirming the cancellation of direct debits and standing orders.

Mrs D said she also wrote letters to various departments of BoS about Y's insolvency, explaining that Y had ceased trading. She has provided Royal Mail tracking references showing the letters were posted on 18 December 2023 and delivered on 21 December 2023.

BoS didn't close Y's business current account and continued to take the regular BBL repayments from the account, which therefore became increasingly overdrawn.

In December 2024, BoS responded to the company's complaint by refunding overdraft interest and fees applied to the business current account after December 2023.

Our investigator concluded that BoS should have withdrawn the overdraft facility on the business current account in December 2023. This would have caused the BBL payments to be returned unpaid, so Y's accounts would have defaulted earlier. The investigator recommended that the bank should therefore refund a further £187.48 to the business current account, to cover the excess interest and fees charged. She gave the following reasons, in summary:

- Given that Y received a letter confirming the cancellation of direct debits and standing orders, the investigator accepted that Y had requested the account closure.
- As the account was overdrawn by over £2,600 on 11 December 2023 – the date by which the investigator thought BoS ought reasonably to have acted on the instructions it received – the account couldn't be closed, simply because it was overdrawn.

- But the bank had been told that Y had ceased trading, so it should have withdrawn the overdraft facility at this time.
- To put the company back into the position that it would have been, had the overdraft facility been withdrawn in December 2023, the investigator thought the bank should refund the difference between Y's total current debt to BoS (both the business current account and the BBL) and the total debt to BoS in December 2023, minus the £767.62 already paid by the bank in compensation. This came to £187.48.

BoS accepted the investigator's recommendation to refund the amount calculated for the excess interest and fees. But Mrs D disagreed with the investigator's conclusions. The case has therefore been passed to me for review and a decision.

Mrs D has referred another complaint to this service, relating to her personal guarantee for Y's borrowing. For the avoidance of any doubt, I should stress that my decision here is solely about the complaint from Y, the company.

### **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 Mrs D, but I've reached the same conclusions as the investigator and for largely the same reasons.

I agree that BoS should have withdrawn the overdraft facility on the business current account in December 2023, which would have led to both the accounts defaulting earlier. So I think it's fair that the excess interest and fees should be refunded from that date.

I'm satisfied that the total excess interest and fees, across both the business current account and the BBL, minus the compensation already paid by BoS, is £187.48.

In December 2023, Y's total debt to BoS was made up of what it owed from its overdrawn business current account plus what it owed from its BBL. The proportion owed respectively from these accounts has changed – a greater proportion is now owed from the business current account – but the total would be the same as it was in December 2023, except for £187.48 excess interest and fees. So I find that Y has not, overall, suffered any loss greater than the amount that the bank has now agreed to pay.

I realise that Mrs D will be disappointed by my decision and I recognise the strength of her feelings about these events. I appreciate that the change in the proportion of the debt owed from the business current account may have important repercussions for her personal liability. But the complainant here is Y, not Mrs D, so in my decision I can consider only the loss suffered by Y. The bank's failings have left the company with a total debt to the bank which is £187.48 greater than it should be – so that's what the bank should pay.

### **My final decision**

My final decision is that I require Bank of Scotland plc to pay £187.48 to Y.

Under the rules of the Financial Ombudsman Service, I'm required to ask Y to accept or reject my decision before 22 July 2025.

Colin Brown

**Ombudsman**