

The complaint

A limited company, which I'll refer to as S, complains that Starling Bank Limited provided poor customer service, failed to make reasonable adjustments for its director and unfairly declined to agree a reduced repayment arrangement for its bounce back loan.

This complaint has been brought to us by S's sole director and owner, Mrs B.

What happened

Mrs B has told us:

- In 2020, she was misled into making some property investments on behalf of S. S used its £50,000 bounce back loan ("BBL") proceeds to buy properties.
- The properties were soon revealed to have a number of problems and have not delivered the promised returns.
- In 2024, S started to get into arrears.
- In 2025, she was diagnosed with ADHD and disclosed this to the bank. Following this, she made a series of complaints about what she considered to be the bank's failure to act fairly in the light of her diagnosis.

This decision relates to one of Mrs B's complaints on behalf of S. Starling upheld the complaint in part. The bank said they had given her correct information about the loan repayments, but accepted that their customer service had at times fallen short and they could have communicated better. To put things right, Starling paid S £150.

Mrs B asked the Financial Ombudsman to look into what had happened. One of our investigators did so, but didn't recommend upholding the complaint. He felt that Starling had treated S fairly with regards to its requests for forbearance.

Mrs B disagreed and asked for an ombudsman's decision. She has made a number of further submissions regarding her complaint.

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'm sorry to disappoint Mrs B, but I have reached the same conclusion as our investigator, for essentially the same reasons. I think Starling has treated S fairly in relation to its requests for forbearance and has done enough to compensate for its communication failings.

As our investigator has explained, BBLs are unregulated. They are also unique products that came with a set of automatic forbearance measures built in – the Pay As You Grow options. I can see S has made use of these options. There is no legal or regulatory requirement for Starling to provide additional forbearance beyond these options and generally, I wouldn't consider it fair to expect banks to provide more, because the Pay As You Grow package is already fairly comprehensive.

I can see though that Starling then agreed a further temporary reduced repayment arrangement, in the belief that at the end of the period, S would be able to resume full repayments and make a plan to clear the arrears. I think this was fair.

But S then wanted a further period of reduced repayments, in exchange for a lump sum payment from a property sale. I'm not sure when this lump sum was due to be available, but I can see that at this point, Starling declined to provide further support. I think this was reasonable as Starling was concerned S did not appear likely to be able to make its monthly repayments in the near term. Banks have obligations only to agree to affordable repayment arrangements and not to delay matters unfairly when, in their view, a debt position is likely to get worse. This is a matter for banks' individual judgement, but I think Starling's position was reasonable here based on the evidence they had. I also think their representative explained very clearly what would happen if S failed to resume repayments and clear (or make a plan to clear) its arrears. He said:

A default from Starling would mean:

- The terms and conditions become broken
- A default is placed on the Business Credit File for 6 years.
- The monthly contractual payments stop.
- The outstanding balance becomes due in full, but we can work with you to set an affordable repayment plan.
- Interest becomes frozen on the loan.

I'm not aware whether Starling has put the loan into default yet, but I don't think it is unfair for Starling to be considering that step and encouraging Mrs B to understand its consequences.

Since this complaint has been with our service, I can see that Mrs B has been further upset to discover that S's credit file has been marked to show the arrears on the loan. I'm afraid I don't think Starling has done anything wrong by taking this action. The above section is just one example of where Starling warned her of credit file implications for S.

I appreciate Mrs B may not have realised that each missed repayment would be recorded, but it is in line with the terms and conditions of the loan, which warned prominently that "You remain responsible for repaying the whole of this loan at all times and if you fail to do so this may negatively affect your credit score or rating with credit rating agencies". It is also consistent with good industry practice. And the BBL is in the name of S, so this affects only S's credit file. I haven't seen any indication that Mrs B's personal file has been affected.

Finally, on the subject of the service issues, I am pleased to see that Starling correctly logged details of Mrs B's diagnosis (having obtained her consent to do so first) and someone from their Welfare Support Team has also been in contact with Mrs B. So I don't think Starling has ignored her requirements, although I note they haven't been able to offer a single point of contact and they did fail to make a promised callback. Overall, they have accepted they should have done better and paid £150 for any distress caused by failing to adhere to the agreed communication methods.

It is clear from Mrs B's comments that she has been through – and is going through - an extremely difficult time. I was sorry to hear about this, and I thank her for her openness with us about her medical conditions. But our investigator was right to say that we simply do not have the legal power to make an award for Mrs B's distress. The complainant here is the limited company S, and not S's director. I have no power to make an award to anyone other than the complainant. And as a limited company, S cannot itself suffer distress because corporate bodies cannot have emotions. Neither can it be considered vulnerable. I also consider that much of Mrs B's undoubted distress has been caused by the letting agency not Starling.

My final decision

For the reasons set out above, I do not require Starling Bank Limited to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 30 April 2026.

Louise Bardell
Ombudsman