DRN-5677259

The complaint

A limited company, which I'll refer to as 'C', is unhappy with how National Westminster Bank Public Limited Company ("NatWest") administered its Bounce Back Loan ("BBL").

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

What happened

C held a business current account with NatWest and, in May 2020, obtained a £6,400 Bounce Back Loan ("BBL"). Although the business later ceased trading, the company continued to meet its monthly loan repayments for several years by Ms S transferring funds from her personal NatWest account into the business account, from where the standing order for the loan was paid.

In February 2024, Ms S contacted NatWest to ask whether she could close the business current account—given that the company was no longer trading—while continuing to repay the BBL from her personal account. Ms S says NatWest told her this would be possible, provided she set up a new payment instruction from her personal account. Relying on this advice, Ms S asked NatWest to close the business account, and NatWest did so on 22 February 2024.

When NatWest closed the account, the standing order used to fund the loan repayments was automatically cancelled. Ms S says she had not been told this would occur and was unaware that the repayment mechanism had stopped. As a result, payments for March and April 2024 were missed. NatWest transferred the loan to its Specialist Business Management ("SBM") team and sent arrears letters, as well as email notifications, to the contact details it held. Ms S says some emails were sent to an incorrect address, though she did receive a letter sent by NatWest in early May.

After receiving the arrears letter, Ms S contacted NatWest and said she wanted to maintain the agreed repayments. During this call, she also expressed dissatisfaction about the advice she had been given—both regarding the closure of the business account and the subsequent information she received about repayment of the BBL. NatWest raised a complaint on that basis.

During a follow-up call on 5 May, a NatWest advisor discussed reinstating the payments from Ms S's personal account via standing order and asked for the details needed to set this up. Ms S provided her account details and gave explicit consent for the standing order to be reinstated. She says she believed NatWest would now complete this action. NatWest says its agent later found he was unable to set up the standing order, meaning no payment instruction was in place.

After the 5 May call, the NatWest advisor attempted to email Ms S to confirm the position regarding the standing order. However, this email was sent to an incorrect Outlook.com address that Ms S says does not belong to her. NatWest also sent its final response to her complaint on 16 May 2024 to the same incorrect email address. As a result, Ms S did not receive either the update about the standing order or NatWest's final response, and she

says she remained unaware that no payment instruction was in place. Further BBL payments were therefore missed.

NatWest called Ms S in June 2024 as part of its continued efforts to address the arrears. Ms S explained that she had been unable to set up the standing order herself, as the loan account no longer appeared in her online banking, and asked the bank to help ensure the payments could continue. Although the advisor acknowledged the difficulties she had experienced, no repayment solution was implemented and the arrears remained outstanding.

During July 2024, NatWest sent further texts, emails and a letter reminding Ms S that arrears remained and requesting contact (although the emails were sent to the incorrect address). On 30 July, the bank wrote to C to confirm the arrears balance and the need for urgent engagement. As the arrears continued and NatWest considered its attempts at contact to have been unsuccessful, the bank issued a formal demand for full repayment on 7 August 2024. When the demand was not satisfied, the bank transferred the debt to a debt-recovery agency ("DRA").

Ms S received her first communication from the DRA in September 2024. She raised a further complaint with NatWest on 25 September. In November 2024, after she queried the status of her earlier complaint (having not received the response NatWest had sent to the incorrect address), NatWest resent the original May 2024 final response to Ms S's correct email address.

NatWest then issued its final response to C's later complaint on 22 January 2025 but didn't uphold any aspect of it. Ms S wasn't satisfied with NatWest's responses to C's complaints, so she referred the matters to this service. One of our investigators reviewed the complaints and liaised with both parties. During that review, NatWest offered £500 compensation to C in recognition that its advice in February 2024 could have been clearer, but it did not agree to recall the debt from recoveries or reinstate the Bounce Back Loan under its previous terms. Our investigator considered NatWest's offer to be a fair outcome, but Ms S did not agree, 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, it's clear that considerable confusion has arisen here because while Ms S updated her email address on her personal profile from an Outlook to a Gmail account in April 2018, she didn't also update the email address on C's business profile, meaning that the Outlook email remained registered with NatWest. This is why NatWest were sending emails to an 'incorrect' email address.

It was the responsibility of Ms S, as C's director, to have made sure that the email address on C's business profile was updated correctly. But matters are complicated here by the fact that when Ms S has called NatWest about C's accounts, NatWest's agents have repeatedly verified her via her personal profile rather than by C's business profile. And this means that when NatWest's agents have asked Ms S if the email address they have on file for her is correct, they email address they've referred to is the Gmail address on Ms S's personal profile. And because of this, it seems reasonable to me that Ms S would believe that the email address registered for C was the Gmail address.

NatWest have explained to this service that they feel that C's first complaint, which they responded to on 16 May 2024, can't be considered by this service because Ms S referred

that complaint to us after the six-month period for her to do so, following the issuance of the complaint response letter, had expired. However, I don't think it would be fair or reasonable to apply the six-month time limit from 16 May 2024 in this instance. This is because while NatWest did issue its complaint response on that date, I'm not persuaded that Ms S was, or reasonably should have been, aware that a final response had been issued at that time.

First, that response was sent to the Outlook email address held on C's business profile, which Ms S had stopped using several years earlier. As I've explained, because NatWest's agents consistently verified Ms S using the Gmail address on her personal profile when she contacted the bank about C's accounts, I feel that it was reasonable for her to believe that this was the email NatWest would use when corresponding with her about C's complaint. The fact that NatWest had, on earlier occasions, successfully sent communications to the Gmail address only reinforces that belief. So, although NatWest had technically sent the 16 May 2024 letter, I'm satisfied that Ms S did not receive it, and that she had no clear reason at that stage to suspect that NatWest was using a different email address to the one repeatedly confirmed with her.

Notably, NatWest spoke with Ms S in June 2024 where the complaint response was mentioned. But I don't feel that NatWest's agent was clear or unambiguous that a final response had been issued that included referral rights. The agent asked whether she had received "the complaint resolution" but didn't explain that this was the final response, that the complaint had been closed, or that the six-month referral window had started.

In that same call, the agent also raised a new complaint, told Ms S that the complaint would be investigated further, and said she'd receive an outcome once that investigation was complete. Taken together, that would reasonably lead Ms S to believe that her complaint was still being handled and that NatWest had not yet reached its final position. In those circumstances, I don't think it was reasonable to expect Ms S to deduce that an earlier final response had already been sent to an email address she didn't use.

In my view, these inconsistencies meant that Ms S wasn't in a fair position to understand that a final response had already been sent, nor to appreciate that the clock to refer her complaint to this service had started to run. The six-month time limit is intended to operate fairly and transparently. Here, because NatWest's processes created and sustained the confusion around the correct contact email, I don't think it would be fair for this service to not consider the merits of that first complaint.

Accordingly, I'm satisfied that all aspects of C's complaint can be considered by this service, and I'll address each aspect in turn.

In February 2024, Ms S asked NatWest whether she could close C's business current account, with a view to dissolving C as a company, while continuing to repay the Bounce Back Loan from her personal account. It's clear that Ms S raised this question because she wanted to avoid any situation in which the loan might be called in early. She told NatWest that her accountant had warned her that dissolving C might trigger a demand from NatWest for full repayment.

NatWest told Ms S that she could close the business account, provided she set up a new payment instruction. But NatWest didn't clearly explain the implications of closing the business account including that the existing standing order would be cancelled immediately, that Ms S wouldn't be able to access the loan account through online banking once the business account was closed, and most importantly, that if she proceeded with dissolving the company, this would be an event of default which would allow NatWest to demand repayment of the loan in full.

I think NatWest should have given clearer and fuller information at that stage. That lack of clarity caused inconvenience to C by leading Ms S to take steps that she may not otherwise have taken. NatWest have accepted this point themselves and have offered £500 compensation to C as a result.

When the business account was closed on 22 February 2024, the standing order funding C's BBL payments was cancelled automatically. As explained, NatWest didn't warn Ms S of this. But Ms S, as director of C, also had a responsibility to monitor C's repayments. Ms S knew that payments were due monthly and that these were important obligations of the company.

As such, I feel that both parties contributed to the missed payments and the arrears that followed. NatWest's unclear advice and communication failings contributed to what happened, but Ms S didn't take reasonable steps to monitor C's repayment obligations.

Once Ms S received the arrears letter in early May, she contacted NatWest promptly and asked to maintain the agreed repayments. Ms S gave NatWest's agent her personal account details and explicit consent for the standing order to be reinstated. But NatWest didn't complete that action, and when it attempted to update Ms S, it emailed the outdated Outlook address from C's business profile.

This caused avoidable inconvenience to C, and I feel that this was one of several opportunities that NatWest missed to identify the mismatch in emails between Ms S's personal profile and C's business profile. But as Ms S has explained, NatWest's agent agreed to send her confirmation via email that the standing order had been reset. Ms S never received that confirmation (because the email informing her that the standing order couldn't be reinstated was sent to the incorrect email address). But having not received a confirmation she was expecting, I don't feel that Ms S's contention that she believed the standing order had been reinstated was reasonable. And Ms S still had a responsibility to continue monitoring C's payments.

By July 2024, the arrears remained outstanding. NatWest sent further letters and attempted to contact C, although some emails were again sent to the Outlook address. Eventually, NatWest issued a formal demand on 7 August 2024 and transferred the account to a debt recovery agency. That doesn't feel unfair to me, given the position of the account, and I can only reiterate that Ms S had an obligation to have monitored C's payments regardless of any email correspondence that she wasn't received from NatWest.

I am, however, very conscious of that fact that the root cause of the situation that had unfolded here is NatWest's failure to explain to Ms S that if she moved to dissolve C they would require immediate repayment of the BBL in full. Had NatWest given clear advice in February 2024 about the consequences of dissolving the company, I feel that Ms S would not have taken steps to dissolve C at that time. In that scenario, C would probably have remained as an active (albeit dormant) company, and its BBL would have continued on its contractual repayment terms, being repaid by Ms S from her personal accounts.

I've therefore thought about whether it would be fair to instruct NatWest to reinstate C's BBL to the contractual terms, given the position that the BBL would likely be in had NatWest's initial mistake not occurred. However, after considering this very carefully, I don't think reinstatement would be an appropriate or fair outcome in consideration of all the circumstances here.

One reason I say this is because although NatWest's unclear advice contributed to the sequence of events which ultimately led to the loan falling into arrears and being passed to recoveries, C also had responsibilities that it did not fully meet. As the borrower, C remained responsible for ensuring its loan repayments continued after it asked NatWest to close the

business account, and I think Ms S should reasonably have checked whether the March and April 2024 payments had been taken. Had she done so, the arrears could have been identified and addressed much sooner.

So, while NatWest's actions contributed to confusion, they weren't the only reason C's loan fell into arrears. Ms S's own failure to monitor its repayments also played a significant part. Because of this shared responsibility for the arrears arising, I don't consider it fair to require NatWest now to unwind the consequences of the default in full, by reinstating the loan on the original terms.

It's also important to recognise that two separate events of default arose in this case. The first was C's movement towards dissolution. Under the BBL terms, an application to strike a company off, or steps towards doing so, is itself an event of default which entitles a lender to demand repayment in full. However, an obvious response to this point is that Ms S would not have moved to dissolve C had she been given accurate information by NatWest when she spoke with them about it.

But the second event of default was the arrears that developed from March 2024 onwards. These were independent of the dissolution process. Payments were missed for several months, and despite NatWest sending arrears letters and attempting to discuss the account through its Specialist Business Management team, the arrears remained outstanding. NatWest has explained that the formal demand it issued in August 2024 was triggered by the continued arrears rather than by the dissolution process. So even putting the dissolution issue to one side, NatWest was contractually entitled to demand full repayment of the BBL because of the prolonged missed payments.

I appreciate that Ms S would like C's BBL reinstated. But such reinstatement is generally only instructed in cases where the firm's failings were the sole or dominant cause of a loan falling into default. Here, I can't say that's the case. While NatWest's unclear advice played a part, Ms S's decisions—including failing to monitor its loan repayments—also contributed to the situation. Because it's my opinion that responsibility for the default is shared, I feel that reinstatement of the BBL would be a disproportionate remedy.

But I do feel that NatWest have treated C unfairly. As the director of C, Ms S was entitled to rely on NatWest to provide clear and accurate information about the consequences of closing C's business account and taking steps towards dissolution, particularly given the direct link between those steps and the status of the BBL. NatWest didn't provide that clarity, and its subsequent communication failures — including repeatedly using the outdated Outlook email on C's business profile while verifying Ms S through her Gmail address — prolonged the confusion and made it more difficult for Ms S to understand the status of the loan or what action was required to remedy the arrears.

C was also entitled to expect NatWest, once NatWest became aware that C wished to maintain repayments, to take reasonable care in communicating with it about the reinstatement of the standing order. NatWest's decision to send the outcome of that attempt to an email address which Ms S was no longer using was a failure in service. And while the responsibility for monitoring repayment rests with Ms S, the overall picture is that Ms S did not receive the level of clear, consistent communication that she reasonably should have expected from NatWest.

Taking all of this into account, I am satisfied that NatWest's actions caused inconvenience to C. That inconvenience arose from the unclear advice in February 2024, the missed opportunity in May 2024 to clarify the position regarding the standing order and ensure Ms S received the relevant information, and the later complications arising from NatWest's dual use of two different email addresses when verifying Ms S and sending key account

information.

However, this complaint is raised in the name of C, which is a limited company, and I can only award compensation to limited companies for inconvenience suffered by the company itself. And I cannot compensate Ms S for any personal upset, frustration, or stress she may have experienced while trying to resolve matters with NatWest – because this complaint is not raised in Ms S's personal name (and neither should it have been, given that the complaint arises from C's BBL). The compensation that I instruct here must therefore reflect only the inconvenience caused to C as a corporate entity.

NatWest has already offered £500 to C in recognition of the shortcomings in the advice and communication it provided. Having considered everything in this case, I think that offer fairly reflects the level of inconvenience C experienced. NatWest's unclear advice and communication contributed to a more difficult and protracted situation than should have been the case, but Ms S, as C's director, also bore responsibility for monitoring C's repayment obligations and for some of the decisions that led to the loan being placed into default. Balancing these factors, I think the £500 already offered by NatWest represents a fair and proportionate outcome to this complaint.

I realise this won't be the outcome Ms S was wanting, but I hope she will understand, given everything that I've explained, why I've made the final decision that I have.

Putting things right

NatWest must pay £500 to C.

My final decision

My final decision is that I uphold this complaint against National Westminster Bank Public Limited Company on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 25 March 2026.

Paul Cooper
Ombudsman