

The complaint

A limited company, which I'll refer to as 'B', complains that National Westminster Bank Public Limited Company ("NatWest") defaulted its Bounce Back Loan ("BBL") for non-payment.

B's complaint is brought to this service by its director, whom I'll refer to as 'Mr J'.

What happened

B had business bank accounts with NatWest, as well as a BBL, and it was making payments to the BBL from its NatWest bank account. In 2023, NatWest made the decision to no longer provide banking services to B and closed B's business bank accounts. This left B unable to make payments to the BBL, which then fell into arrears and was later defaulted for non-payment by NatWest.

Mr J wasn't happy that NatWest had defaulted the BBL after closing the account from which B had been making payments to the loan, so he raised a complaint on B's behalf.

NatWest responded to Mr J but didn't feel that they'd done anything wrong by following the arrears and recoveries processes that they had, including defaulting B's BBL for non-payment. Mr J didn't agree, so he referred B's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that NatWest had acted unfairly towards B and so didn't uphold the complaint. Mr J remained dissatisfied, so B's complaint 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.

Mr J has expressed his dissatisfaction with how NatWest closed B's accounts that he feels led to B being unable to make payments towards its BBL. However, this service has looked at the closure of B's accounts by NatWest under a separate reference number, and it was concluded that Mr J had referred B's complaint about this matter to us out of time, which meant that we were unable to look at the merits of that complaint.

I am bound by that decision, and it means that I'm unable to consider NatWest's actions in closing B's business accounts. Instead, the starting point of my review is that the closure of B's accounts is a brute fact, the act of which can have no influence on my assessment of this complaint.

I can consider whether NatWest provided any information to B at the time it decided to close B's accounts about the ongoing status of the BBL. In that regard, I note that a letter was sent to B about the closure of the accounts that included the following:

"You have one or more Bounce Back Loan Scheme (BBLs) loans with us...

If you decide not to repay the loan(s) in full now, then it is important to note you will

still be liable to repay the loan(s) in accordance with the facility agreement(s). On or after 20 August 2023 we will stop taking the regular payments made from your business current account (or loan servicing account, as applicable) to repay your Bounce Back loan(s).

You will therefore need to arrange a separate repayment method in order to ensure that the regular repayments under the Bounce Back loan(s) are made from outside of the NatWest Group and are received directly into the loan account.”

This letter clearly explained that B would remain liable for its outstanding BBL balance and would be required to make payments to the BBL in line with the loan agreement from another (i.e. non-NatWest) bank account.

I'm satisfied that B's contractual obligation to pay the loan wasn't affected by NatWest's decision to close B's business accounts and that it was for B to make sure that the BBL was paid in accordance with the loan schedule from an alternative source. B didn't do this, and so the BBL fell into arrears and was later defaulted. That doesn't feel unfair or unreasonable to me, and NatWest have demonstrated that they sent a series of letters to B about the deteriorating position of its BBL as part of their loan arrears process.

Mr J may argue that B was unable to open new accounts and ceased trading. If that were the case, the fact remains that B didn't meet its contractual payment obligations on the BBL meaning that an act of default occurred and, consequently, that the defaulting of B's BBL by NatWest was not unfair.

I appreciate that Mr J may feel strongly about this matter, and I must reiterate that in taking this position I'm considering the non-payment of the BBL following the closure of B's bank accounts, and I'm not considering whether the closure of B's accounts was fair or unfair, which as I've previously explained, I'm unable to do.

Considering what has happened here in the way that I've described, as I must do, I don't feel that NatWest have acted unfairly or unreasonably towards B by defaulting its BBL. This is because, ultimately, B didn't make the required payments to the BBL.

It should be noted that loan providers such as NatWest can recover their outlay via the BBL Guarantee provided to them by the UK Government. But to avail of this guarantee, NatWest have to show that they've exhausted all possible means of recovering the money from B directly, so that the guarantee is a last resort. Because of this, I feel that it's fair and reasonable for NatWest to continue to hold B liable to repay the BBL and to pursue B for that outstanding balance as per NatWest's policies and processes until such time as NatWest feel is appropriate.

It therefore follows that I won't be upholding this complaint or instructing NatWest to take any further or alternative action here. I realise this won't be the outcome Mr J was wanting, but I hope he will understand, given what 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 B to accept or reject my decision before 3 December 2025.

Paul Cooper
Ombudsman