

The complaint

A limited company, which I'll refer to as 'T', complains that National Westminster Bank Public Limited Company ("NatWest") unfairly recorded a default on its Bounce Back ("BBL").

T's complaint is brought to this service by its director, whom I'll refer to as 'Mrs F'.

What happened

In May 2020, T took out a £50,000 Bounce Back Loan (BBL) with NatWest. Under the terms of the agreement, repayments were due to begin in June 2021. In December 2020, T switched their business current account from NatWest to another bank. As part of that switch, the standing order that had been in place to make the BBL repayments was not transferred. Mrs F didn't notice this, and as a result, when the first two instalments fell due in June and July 2021, no payments were made.

T resumed making their monthly BBL payments from August 2021. However, the arrears from the two missed instalments remained outstanding. Between August 2021 and April 2022, NatWest repeatedly attempted to contact Mrs F about T's arrears by phone, text message, email and letter, but Mrs F didn't engage with these attempts.

Because the arrears from June and July 2021 remained outstanding, NatWest issued a Formal Demand to T in April 2022 for the full outstanding loan balance. And when the arrears remained unresolved, NatWest defaulted T's BBL in June 2022 and transferred the account to their recoveries department. Mrs F wasn't happy that NatWest defaulted T's loan and raised a complaint on T's behalf. NatWest responded to Mrs F but didn't feel that they had done anything wrong.

Mrs F wasn't satisfied with NatWest's response, so she referred T's complaint to this service. Mrs F explained that she hadn't been aware that the loan had gone into arrears or that NatWest had been trying to contact her, and she felt the default was unfair and disproportionate. Mrs F also explained that she had been experiencing very difficult personal circumstances at the time, and this affected her ability to manage the account.

One of our investigators looked at this complaint but didn't feel that NatWest had acted unfairly towards T by following the loan arrears process they had which had resulted in the defaulting of the account. Mrs F didn't 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.

The starting point is that T entered into a Bounce Back Loan agreement with NatWest in May 2020. Under that agreement, T were responsible for ensuring the monthly repayments were made on time. When T switched their business current account to another bank in December 2020, the standing order that had been used to make the repayments wasn't

transferred. Mrs F didn't notice this, and this meant the first two repayments due in June and July 2021 weren't made.

I appreciate that Mrs F didn't realise the standing order hadn't moved across when T switched their account, but T remained responsible for ensuring the loan repayments were made as required under the agreement. NatWest have shown that their published switching information made it clear that standing orders with a frequency of more than a year wouldn't transfer as part of the switch, which meant that T would always have needed to set up a new instruction once their new account was open. Additionally, the fact that no standing order was in place would have been evident if Mrs F had reviewed the standing orders that were in place on the account prior to the payments coming due.

Importantly, I also feel that as a director of T, Mrs F should reasonably have noticed that no loan payment had left the sending account in June and July, or that no corresponding credits had appeared on the BBL account during that period. And for these reasons, I'm satisfied that it should have been apparent to Mrs F that the repayments hadn't been made, and that the arrears which later led to the default arose because the loan repayments weren't made when they were due, which was not NatWest's fault.

When Mrs F became aware that payments had been missed, she reinstated the standing order, and T resumed their monthly payments from August 2021. But T didn't clear the arrears that had already built up from the missed payments in June and July. Those arrears remained outstanding for many months, and I haven't seen anything to show that Mrs F contacted NatWest to check the status of the loan or to discuss clearing what was owed. I feel it stands to reason that if two payments to a loan haven't been made, arrears would have accrued that require addressing, and this fact is set out in the terms of the BBL agreement which Mrs F consented to when she accepted the loan on T's behalf.

Between August 2021, when T resumed making payments, and April 2022, when NatWest moved to default the loan because of the unpaid arrears, NatWest made repeated attempts to contact Mrs F about the arrears, including by phone, text message, email and letter. Mrs F did answer a call in August 2021, but she ended the call because she was concerned it might be a scam. NatWest immediately sent a follow-up text message with a trusted contact number so she could call them back. But there's no evidence that Mrs F did so, or that she responded to any of NatWest's other attempts to get in touch. On balance, I'm satisfied NatWest took reasonable steps to contact T and that those attempts should have made it clear to Mrs F that NatWest needed to discuss an issue with the loan. But T didn't respond.

Because the arrears remained unresolved, NatWest issued a Formal Demand to T in April 2022 requiring repayment of the loan. And when the arrears still weren't cleared, NatWest registered a default on the loan in June 2022 in line with their normal arrears process. In these circumstances, and given the ongoing arrears, I think NatWest's actions were consistent with the terms of the agreement and with what I'd expect a lender to do, and so weren't unfair.

Mrs F feels that NatWest didn't offer T any support, such as payment holidays or arrears repayment plans. But as explained above, Mrs F didn't engage with NatWest, despite repeated contact attempts by them. And NatWest can't offer forbearance or tailored support to an account holder if the borrower doesn't engage with NatWest's attempts to contact them. I've also considered the guidance issued to lenders about supporting BBL customers, but this guidance doesn't remove the borrower's responsibility to keep up with their contractual repayments, nor does it prevent lenders from taking recovery action where arrears persisted and the borrower didn't respond to repeated contact attempts.

Mrs F told us she was experiencing very difficult personal circumstances at the time, and

that this affected her ability to deal with the loan and respond to NatWest. I'm genuinely sorry to hear about what Mrs F was going through. But in my professional capacity as an ombudsman, I must remain impartial, and I haven't seen anything that shows that Mrs F told NatWest about these circumstances at the time.

I also don't feel that NatWest saw any change in T's behaviour that should reasonably have alerted them to a potential vulnerability. The evidence suggests that T hadn't engaged much with NatWest previously, and their behaviour during the period of arrears didn't appear different to their earlier pattern. Because of this I don't think NatWest ought reasonably to have been aware that Mrs F might have needed extra support. And even if they had reached such a conclusion, given that they were already trying to contact Mrs F regularly and using a variety of channels, it's difficult to see how NatWest could reasonably have acted any differently.

All of which means that I won't be upholding this complaint or instructing NatWest to take any further or alternative action here. This is because I don't feel that NatWest acted unfairly towards T in the way they handled the arrears or in deciding to default the loan. The default arose because the required payments weren't made and the arrears weren't resolved, despite NatWest making multiple attempts to contact T over a prolonged period of time, and in consideration of those circumstances, I don't feel that the default was unfair. I realise this won't be the outcome Mrs F was wanting, but I hope she will understand, given what I've explained and the impartial position of this service, why I've made the final decision 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 T to accept or reject my decision before 10 April 2026.

Paul Cooper
Ombudsman