

## **The complaint**

Mr K, a sole trader, is unhappy that National Westminster Bank Public Limited Company (“NatWest”) won’t accept reduced payments on his Bounce Back Loan (“BBL”).

## **What happened**

In August 2020, Mr K successfully applied to NatWest for a £50,000 BBL and received the loan funds that same month. The terms of the loan included that Mr K wasn’t expected to make any payment to the loan for the first twelve months and would then pay 60 instalments of £887.37 per month, starting in September 2021.

When Mr K was due to begin his BBL payments in September 2021 he utilised some of the forbearance options available to him on the loan. Specifically, Mr K took a six-month payment holiday so that his payments start date was moved back to March 2022 and also extended the term of the loan repayments from five to ten years, reducing the scheduled monthly payment amount to £552.68.

Mr K made several payments to the BBL at £552.68, from March to September 2022., Mr K then used the remaining forbearance options available to him, which comprised of three separate six-month capital repayment holidays, wherein Mr K was only expected to pay the arrears that accrued on his loan balance for each six-month period. However, after September 2022, Mr K only made three further payments to the BBL, totalling £334.73, before the loan was defaulted for non-payment by NatWest in 2025.

Before his account was defaulted, Mr K raised a complaint with NatWest because he was unhappy that they wouldn’t provide further forbearance options to him. Mr K explained to NatWest that his business was no longer trading and that he wanted to make reduced payments to the BBL until around June 2026, by which time he would have repaid other debts and would be better placed to repay his BBL.

NatWest responded to Mr K but didn’t accept his offer. They explained that because Mr K had already exhausted the forbearance options available to him on the BBL, if he couldn’t now meet the repayment terms of the loan, the loan would be defaulted – which NatWest later did. Mr K wasn’t happy with NatWest’s rejection of his offer or that they had defaulted his BBL, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn’t feel that NatWest had acted unfairly towards Mr K and didn’t uphold the complaint. Mr K remained dissatisfied, 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.

When Mr K applied for and accepted the BBL, he accepted the terms and conditions of the loan. These included contractual repayment terms, which Mr K has unfortunately failed to

meet. I appreciate that Mr K's sole trader business has ceased trading and that Mr K has therefore found it difficult to repay the BBL as required by the loan terms. But the terms of the BBL include that if Mr K was unable to meet the contractual payment requirements, an act of default would have occurred.

Mr K is unhappy that NatWest won't offer him forbearance and accept reduced payments for a prolonged period until he is better placed to address the BBL. But the unique nature of the BBL included several prescribed forbearance options that were available to all account holders on request.

These included a six-month capital and interest repayment holiday, three separate six-month capital repayment holidays, and being able to extend the repayment term of the loan from five to ten years. Mr K has utilised all these options, and I don't feel that NatWest are under and fair or reasonable compulsion to offer him any further forbearance beyond those which Mr K has already benefited from.

I appreciate that Mr K may be in a better position to repay his BBL in the future. But that doesn't alter the fact that Mr K has defaulted on his contractual repayment obligations in the present, after using all the forbearance options available to him, as described above.

Ultimately, an act of default has occurred here – Mr K hasn't met his contractual repayment obligations as per the terms of the BBL. It therefore seems fair to me that Mr K's loan has been defaulted by NatWest.

It must be noted that the defaulting of the loan will mean no further interest is added to the outstanding balance and potentially enable Mr K to negotiate repayment of the debt over a longer term than would be required if the contractual terms still applied. But I don't feel that Mr K's expectation that he be allowed to default on the contractual payment obligations of the BBL and that his loan not be defaulted as a result is reasonable or fair.

All of which means that I won't be upholding this complaint or instructing NatWest to take any alternative action because I don't feel that NatWest have acted unfairly in how they've administered Mr K's BBL. I hope that Mr K understands, 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 Mr K to accept or reject my decision before 4 December 2025.

Paul Cooper  
**Ombudsman**