

The complaint

A limited company, which I'll call B, complains that the bank unfairly transferred its accounts to a debt collection agency.

B is represented by its owner and director, who I'll call Mr S.

What happened

In 2020, B took out a £50,000 bounce back loan ("BBL").

From 2021 onwards, B failed to make some of its BBL repayments and various repayment plans were agreed, but not completed successfully.

In June 2024, the bank declared B's BBL in default and formally demanded repayment in full. Mr S on behalf of B complained. I issued a decision on this complaint in August 2025.

In early 2025, Barclays closed B's current account and transferred its BBL to their recoveries department, later transferring it to a third party debt collection agency.

B complained again. The bank didn't uphold the complaint and Mr S referred it to the Financial Ombudsman.

One of our investigators looked into what had happened. She considered that the bank were entitled to use debt collectors. But she did think that the bank should have responded to Mr S's emails. She recommended the bank pay £25 as compensation for their lack of response.

Mr S asked for an ombudsman's decision. He made a number of points, many of which referred to the earlier complaint.

Barclays also responded, to disagree with the £25 compensation. They thought that the emails to which they had not responded related to the previous complaint. And they said that they did not respond, because there was an ongoing Financial Ombudsman investigation.

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 am sorry to disappoint Mr S but I agree with the conclusions reached by our investigator. I think Barclays were entitled to use third party debt collectors. I also think that failing to respond to Mr S's emails was unhelpful. I'll explain my reasons below.

First, I think there has been some confusion here due to an overlap between complaints. Mr S has also sought to widen this complaint into broader concerns regarding complaint handling, but our investigator has correctly explained that this is not something we have the power to look into. The questions of the default of the BBL, the bank's interest refund and the closure of B's current account were considered in my previous decision and I am not

going to address them again here. This complaint purely concerns the transfer to debt collection agents and associated actions.

My understanding is that Barclays is using the debt collection agency as its agent to aid its recoveries function. The bank is entitled to take this action and it is usual practice to use debt collection agents in scenarios such as this one. As our investigator pointed out, Barclays had also warned B in its formal demand letters that it would take exactly this action. So I don't think the bank did anything wrong in transferring B to its debt collection agents.

Mr S argues that the bank shouldn't have taken this action while B had a complaint under review by our service. I haven't seen evidence of exactly when the transfer occurred, although I can see Mr S was aware of it on 16 April 2025. It may have occurred before we notified Barclays that we had received B's complaint on 11 February 2025, but it may not have done. Either way, there are no rules specifying that banks cannot make transfers to debt collection agents while complaints are with the Financial Ombudsman, so I wouldn't criticise the bank on this basis.

Part of Mr S's argument regarding debt collectors is that the transfer breaches data protection rules under the General Data Protection Regulations ("GDPR"). But this is not correct. I can see that both the current account agreement and the BBL agreement both contain terms under which the borrower/account holder agrees to the bank sharing information with agents.

Mr S sent various emails to the bank between 4 February 2025 and 6 February 2025, to which the bank did not reply. He then sent another email on 16 April mentioning the appointment of debt collection agents and the absence of a response to his earlier emails. The February emails were sent before Barclays were informed that there had been a referral to our service. I therefore don't think that our investigation justifies the lack of response, especially as the bank may have been taking other action, such as the transfer to debt collection agents, in that period.

Whilst it is sometimes reasonable for banks to decline to engage in detailed correspondence with a complainant while there is an ongoing complaint with us, I don't think it was reasonable in the circumstances here for the bank to fail to respond entirely. Mr S had specifically requested an acknowledgement and I think that should have been provided.

For these reasons, I agree with our investigator that the bank has made an error in not responding to the emails. Mr S feels this is not adequate to reflect the serious impact on him. But I am only upholding the matter of the unacknowledged emails. He has not provided any evidence that this particular matter had a material adverse impact on him and I am not persuaded it did.

I know that Mr S would also like the BBL default removed. But I don't think this would be reasonable redress for failing to respond to some emails. And I have already explained why I don't think the bank made errors regarding the appointment of debt collection agents.

Putting things right

For the reasons explained, I think there was a failure of customer service here. I agree with our investigator that a small award of £25 is appropriate to acknowledge this failing.

My final decision

For the reasons set out above, I am upholding this complaint in part and direct Barclays Bank UK PLC to pay B £25 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 30 December 2025.

Louise Bardell
Ombudsman