

The complaint

A company, which I'll refer to as D, complains that Metro Bank PLC is preventing it from dissolving due to an outstanding Bounce Back Loan. D's director argues that Metro benefits from a full guarantee from the Government in respect of the loan and therefore once a claim under the guarantee is paid there is no reason for Metro to object to D's dissolution.

What happened

D received a Bounce Back Loan from Metro. It is accepted that D did not repay the loan in full.

D has been trying to dissolve since 2023. Its application to strike off from the register of Companies House is open but currently suspended.

D's director complained to Metro, but the bank didn't think it had done anything wrong. Metro said, in short, that it had lodged the objection against D's dissolution but was unable to withdraw it until the loan was repaid by D in full. Metro further said that under the terms of the Bounce Back Loan agreement D remained liable for full repayment of the loan – irrespective of the guarantee. However, Metro did accept that it hadn't always given accurate information to D about who was raising the objection with Companies House. The bank paid D £50 for any inconvenience this caused.

One of our investigators considered D's complaint. She said, in summary:

- In 2023, D confirmed to Metro it had ceased trading. It was therefore reasonable for Metro to default the loan. In turn, Metro would be able to claim under the guarantee provided to the bank.
- That guarantee was provided to Metro and not D. D remained liable to repay the Bounce Back Loan. She also understood that Metro was required to pass any further recoveries back to the Government if a claim had been paid to the bank under the guarantee – so there was no prospect of Metro making a "double recovery".
- She thought £50 was fair for any inconvenience caused to D

D's director didn't agree with our investigator. He made the following points in response, which I summarise:

- Metro was failing to follow the correct process as defined by the Bounce Back Loan scheme rules as set out by the scheme operator - the British Business Bank. Once a default is processed the lender's role is complete. A company should be able to proceed with strike off.
- Equally, the scheme rules prevented lenders from taking personal guarantees or pursuing private individuals for repayment. Metro's continued objections to D's dissolution are incompatible with this.

- Our investigator hadn't said whether a guarantee claim had been made by Metro or whether that claim had been paid. So she can't say whether the process has been followed correctly.
- He disagreed with the investigator's interpretation of D's Bounce Back Loan agreement. Clause 9.1 says that Metro is provided a guarantee should D default. The word "should" makes it a conditional clause - if D defaults then the bank is guaranteed repayment. Clause 9.2 may create general liability to the borrower but it cannot override clause 9.1. In the director's view, D's liability ends after the bank claims on the guarantee.

As D's director didn't accept our investigator's opinion, D's complaint has been passed to me to decide.

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, whilst I'm sorry to disappoint D's director I've reached the same outcome as the investigator, for essentially the same reasons. I will make some further comments though.

D's director says that clause 9.1 of the agreement, "*...The BBLS Guarantee provides us [Metro] with a full guarantee should you [D] default*", is a conditional clause that must vary clause 9.2, "*... The BBLS guarantee is provided to us and not to you. You remain responsible for repaying the whole of the loan at all times...*".

I don't agree with the director here. I don't think clause 9.1 alters or varies D's liability to repay the loan. I think that the Bounce Back Loan agreement, including the two clauses quoted by D's director, are clear that D is liable to repay the Bounce Back Loan and that the guarantee is provided to Metro. I don't find that these two things are incompatible.

I also don't agree with the director's thoughts that this effectively creates some personal liability for him. It is D that remains liable to repay the loan.

However, I recognise that the director's argument stems beyond just the contract. It encompasses a more general question of whether it is fair for D to still be liable for the Bounce Back Loan if Metro has made a successful claim under the guarantee. But, as our investigator noted, there is no prospect of Metro making a double recovery here as it is required to pass on any funds it does recover to the Government. So I don't think Metro will unfairly benefit from any recoveries it might make from D after a guarantee claim.

I understand why, given his arguments, the director would like to know whether Metro has made a successful claim under the guarantee. But I've explained why I think D remains liable to repay the loan in any scenario – so it's not necessary for me to comment on this further.

I turn now to the director's argument that D should be allowed to strike off. It appears there is no dispute that it is Metro who placed an objection with Companies House to D's dissolution. As already noted, D is liable to repay the loan. Metro is therefore entitled to object to D's proposal of strike off in its capacity as a creditor of D. I would add that there is nothing unusual about this – all creditors of a limited company have the right to object to a proposed dissolution of a company.

Furthermore, I am satisfied that lodging objections in this way is part of the normal operation of this Government lending scheme. I say this because even once the Government's guarantee has been paid, lenders are still expected to ensure all avenues for recovery are pursued. I therefore don't think it's fair for me to require Metro to depart from the Government's expected approach where D's outstanding Bounce Back Loan debt exists. As this is part of the approach taken by the Government's guarantee scheme I can't reasonably say Metro has acted unfairly by complying with it. I appreciate D is now in an undesirable situation, but I don't think Metro has done anything wrong in lodging an objection.

Finally, Metro paid D £50 for any inconvenience caused by incorrectly originally saying it wasn't the one who had lodged an objection with Companies House. I agree with our investigator that this may have caused D's director to contact some of the various parties involved in the Bounce Back Loan scheme unnecessarily. Yet, equally, I think it's likely the director may always have contacted these parties given his strength of feeling on D's complaint and his desire to understand the process. I also don't think it is likely to have caused D significant additional inconvenience. As such, I think £50 is fair and I won't be asking Metro to do anything further in this regard.

For these reasons, I won't be requiring Metro to take any further action.

My final decision

My final decision is that I do not uphold this complaint about Metro Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 19 May 2026.

Laura Colman
Ombudsman