

The complaint

A partnership, comprising Mr R and Ms F, complain Barclays Bank UK PLC caused them distress and inconvenience by reducing the overdraft facility on their partnership account, as a result of missed payments on their commercial mortgage.

What happened

In July and September 2021, there were missed payments on Mr R and Ms F's partnership loan account. Mr R contacted Barclays to ask what would happen as a result of these missed payments. Mr R says Barclays told him the missed payments would be added to the end of the loan.

Further payments were missed and in mid-2022, Mr R was contacted by Barclays who explained the missed payments on the partnership loan account needed to be paid. They discussed the best way forward and Mr R agreed to sell an asset to bring the loan payments up to date.

During these discussions, a representative from Barclays arranged a face-to-face meeting with Mr R in September 2022. As a result of this meeting, Barclays wrote to Mr R and Ms F explaining its concerns about the partnership's borrowings with it. The letter detailed Barclays concerns as follows:

- Large debt service costs with annual accounts each year showing insufficient cash generation to meet these commitments
- Liquidity pressures
- Several missed loan payments

As a result of these concerns, Barclays asked the partnership to either seek alternative financing arrangements or sell sufficient assets to repay all facilities held with Barclays within six months of the date of the letter.

In April 2023, Barclays wrote to the partnership as there had been little progress in the sale of assets to repay the facilities as agreed. By this time, the loan arrears had been brought up to date but there was limited progress in the sale of the assets. Barclays told the partnership it needed to see positive action by the end of May 2023. Barclays explained if this didn't happen, it would reduce the partnership's overdraft by £10,000 per month until it was repaid in full.

Mr R complained to Barclays explaining he felt pressured into selling some of his assets. He also expressed his dissatisfaction with the proposed reduction to the overdraft.

Barclays didn't uphold the complaint. In addition to setting out the timeline of events in line with what I've detailed above, it said:

- Mr R had been advised in 2019 about its concerns the partnership was generating

insufficient profits to service their loans.

- It had found no evidence of bullying, and Barclays representatives at the meetings had individually confirmed all discussions were polite and professional.
- There was no evidence in any correspondence between the parties that Barclays had told Mr R the missed loan payments would be added to the end of the loan term.
- It would continue to reduce the overdraft facility gradually each month until it saw evidence of action being taken by the partnership to repay their debt in full.

Mr R was unhappy with Barclays response, so he brought the partnership's complaint to our service.

One of our investigators looked into the matter but said he thought Barclays had acted in a fair and reasonable manner. He said he had seen no evidence of a call during which Mr R was told the missed payments didn't matter as they would be added to the end of the loan term. And he said Barclays had the right to request full repayment of the partnership's liabilities and/or to reduce the overdraft amount in line with the terms and conditions of the loan and overdraft agreements.

Mr R asked our investigator to go back to Barclays and ask again for the recording of the call on which he said he was told the arrears would be added on to the end of the term of the partnership's loan. Barclays provided us with a detailed breakdown of all the calls between July 2021 and July 2022, but having listened to them, our investigator said his view remained the same as he had heard nothing new on the calls.

Mr R asked for the complaint to be reviewed by an ombudsman. He said as it hadn't been possible for our service to listen to all calls, there was no evidence to show Barclays didn't say the arrears would be added to the end of the term of the loan. And he noted it took over a year for Barclays to contact him about the first two missed payments on the partnership loan.

The complaint was passed to me to decide. To resolve the matter, Mr R would like Barclays to not reduce the overdraft on the partnership account and restore his relationship with them.

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 won't be asking Barclays to take any action, and I've explained why below.

The terms and conditions of the overdraft facility for the partnership's account detail the Bank can ask the borrower to repay all amounts owing if they have concerns about the borrower's ability to repay the facility. There is no dispute from either party that there had been multiple missed payments on the partnership's loan account, and Barclays gave Mr R plenty of warning about its intentions if the situation didn't improve. So, I'm satisfied Barclays acted within the terms of the agreement when it asked for full repayment of the partnership debts and in its plans to reduce the overdraft on a monthly basis.

Mr R says Barclays misled him by telling him on a call that the missed payments would be added to the end of the loan term. Having reviewed all the calls and call notes provided by Barclays, I have seen no evidence Mr R was told he didn't need to worry about the missed payments as they would be added to the end of the loan term. I'm not dismissing Mr R's

verbal testimony, but I have to make a decision on the balance of probabilities based on the information available to me. Barclays have been cooperative in sending us all call recordings that it has for the phone numbers provided by Mr R, and on the specified dates provided by Mr R, there is no trace of this specific discussion on any of those calls.

In addition, there were numerous missed payments on the loan account constituting several acts of default and the terms of the loan set out what would happen in an event of default. And I think it is unlikely Barclays would've stepped outside of its own documented process for dealing with arrears. Therefore, on the balance of probabilities, I think it is unlikely Mr R was told not to worry about these missed payments.

Even if I had found evidence that a member of Barclays' team had misinformed Mr R about how the missed payments would be handled, it's likely I would've only directed Barclays to make a small compensation payment to the partnership to apologise for the misinformation. I say this as the terms and conditions the partnership agreed to on both the loan and overdraft accounts clearly set out what an event of default is and what action Barclays could take in those circumstances. And I think Mr R had enough information available to him to understand what the consequences of missed payments on the partnership's account would be.

Mr R also queried why Barclays didn't make him aware sooner of the missed payments on the partnership's loan account. Although Barclays may make contact out of courtesy, it is not its responsibility to contact a borrower if a payment is missed, and there is nothing in the terms of the loan account to say it will do this. I have seen Barclays did send 'unable to pay' letters to the partnership, so Mr R should've been reasonably aware at an early stage that these payments had been missed.

Furthermore, Mr R was told in June 2020 if further payments on the loan account were missed, full repayment of all debts would likely be pursued. As such, I would've expected the partnership to have been particularly vigilant about missing payments on their loan account. Numerous payments were missed throughout 2022 and each of these counts as an event of default on the account. As such, I'm satisfied Barclays have done nothing wrong in calling in the debt. In fact, it appears to me Barclays tried on numerous occasions to help the partnership to avoid getting into a situation where the debt would be recalled.

Mr R told us the worldwide pandemic affected the partnership's ability to make some of these payments; however, I can see from the information Barclays provided, concerns were raised in 2019 about the operation of the account. So, whilst I don't doubt what Mr R has told us about the pandemic's effect, I think Barclays acted fairly in relation to the arrears and tried to work with the partnership to find a resolution before it called in their debt.

Mr R also told us he felt pressured into selling assets to repay the partnership's debts, but I haven't seen any evidence of Barclays acting unreasonably in relation to this point. Barclays explained in October 2022 it was seeking full repayment of the partnership loan. It discussed different options with Mr R and had to chase him for his proposals. Mr R confirmed he intended to sell an asset, however four months later the selling agent confirmed to Barclays Mr R hadn't contacted him. Mr R didn't respond to Barclays' letters about the matter, so I've not seen evidence to show Mr R was actively engaged in the process. As Barclays had concerns about the partnership's ability to repay the outstanding debt, I haven't found its correspondence or behaviour to be unreasonable or unfair in this regard.

I know Mr R and Ms F will be disappointed with my findings, but I can't reasonably say Barclays caused additional stress or inconvenience by calling in the partnership's debts as it was entitled to take this action. Nor have I seen any evidence of misinformation being provided. So, I won't be asking Barclays to take any action in relation to this complaint.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Ms F to accept or reject my decision before 12 January 2026.

Tara Richardson
Ombudsman