

## The complaint

A limited company, which I'll refer to as D, complains that National Westminster Bank Public Limited Company's poor communication prevented it from paying its bounce back loan ("BBL") and the bank then unfairly recorded the loan as in arrears.

## What happened

D took out a £50,000 BBL in 2020. D told us:

- In 2023, NatWest decided to close D's current account with 60 days' notice.
- D's director noticed that his online banking had disappeared and phoned the bank at the start of the notice period, before receiving the bank's letter. The bank told him to wait for the letter.
- When the letter arrived, D was confused about how to repay its BBL.
- D complained, but the bank didn't uphold the complaint.
- D wrote back to the bank's complaint handler to say it still didn't know how to make its BBL repayments without a current account. The complaint handler didn't respond.
- In July 2024, D obtained the account details for the BBL and started paying £200 a week into it.
- In February 2025, D received a letter regarding arrears on the BBL. D's director complained. The bank upheld the complaint in part and offered £300 compensation for the failure to support D's director when he asked for more help.
- Also in February 2025, a term extension was agreed for the BBL, which included the cost of spreading D's missed repayments over the remaining life of the BBL.

D asked the Financial Ombudsman to look into what had happened. D's director thought it was particularly unfair that the bank had been recording D's BBL arrears on its credit file each month.

One of our investigators looked into the matter, but didn't think the bank needed to take any further action.

D disagreed and asked for an ombudsman to look into the complaint. I wrote to D's director on 7 April to explain why I agreed that the bank didn't need to do anything more. I said, in summary:

- I agreed that the bank had made some errors in their communication, but I thought that the £300 offered was fair compensation for those mistakes.
- Despite the bank's errors, D had an obligation to pay back its loan.

- I therefore thought D should have persisted and made further efforts to get the information needed to make loan payments.
- The response to D's first complaint said who to phone or email to sort out the arrears.
- I could see that from July 2024, D had started making weekly payments towards the BBL, but by then, the BBL was over a year in arrears and the payments made weren't enough to cover the monthly payment, let alone make any impact on the arrears.
- I therefore thought it was fair for the bank to report arrears to D's credit file.
- I was glad to see that in 2025, the bank had agreed a term extension that brought the loan back into order and meant D's director knew exactly how much to pay.
- I thought this was a fair way to put things right and meant that D had essentially benefited from a one year repayment holiday.
- I was sorry to hear about D's director's health problems, but the only eligible complainant here is D and I did not have the power to consider or award compensation for the impact on D's director personally.

D disagreed and asked for a formal decision. D said the bank had failed to comply with the Financial Conduct Authority ("FCA")'s regulations and D considered that, once it was accepted that the bank failed to act fairly at the outset, the resulting arrears could not be fairly attributed to D.

### **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've reached the same conclusion as our investigator, although my reasons are slightly different and I've explained this to D's director already.

First, I do agree that the bank has made some errors. The letter about the account closure was unclear, in that it listed the BBL as an account that was being closed, said those accounts needed to be repaid in full in 60 days, then said there was no change to existing arrangements. Finally, it also said "if you use an account listed above that is closing to pay off this loan, you need to set a new way to keep your payments up to date with an alternative financial provider". This last sentence was correct, albeit in contradiction with some of what the letter had said before, but it gave no instructions or information on how to set up this "new way".

The bank failed to offer any assistance when D's director phoned them and then failed to send any subsequent written correspondence, aside from two arrears notices a year later. This included not replying to D's follow-up email to the complaint handler. So I think NatWest missed some opportunities here to explain clearly what was required.

Nonetheless, on balance, I think the £300 offered is enough and in line with our usual award levels for the mistakes made by the bank.

My key reason for this conclusion is that D had an obligation to make repayments to its loan in accordance with the loan agreement and this obligation was not, in my view, cancelled out by the bank's decision to close D's current account nor by their errors in the somewhat confusing letter.

D maintains that I have made an error in causation here. But I disagree. I think what has happened is that D has failed to mitigate the situation in which it found itself. My role is to decide what's fair and reasonable in all the circumstances. I think it was fair and reasonable for D to continue to repay the money it had borrowed. And I would have expected it to make more effort than one phone call and one email over a period of over a year to establish how to do so.

I would also have reasonably expected D to put aside the monthly repayment amount (even if it didn't know the precise figure) and to make a lump sum payment for the missed amounts as soon as it obtained the account details. In fact, once D knew the account number for the BBL, it did start making repayments, but they were slightly lower than the actual sum required each month and it made no attempt to make any payment towards the year of payments it had missed.

I also note that the response to D's first complaint, which was sent in September 2023, did include a paragraph setting out which bank department to contact (with a phone number and an email address) to discuss the BBL arrears. I realise that D says this email went into a junk email folder and wasn't seen until November, but I don't think that was the bank's fault. I think our investigator was right to say that, if it hadn't failed to notice the email, D would have had all the information it needed to sort things out in September 2023, when the loan was only around three months in arrears.

I appreciate that the bank may already have begun reporting arrears by September 2023. If D had taken action to get in touch as set out in the bank's email at that point – if, for example, D had emailed the department specified, not the complaint handler - I might well have concluded that it wasn't fair for those arrears to be reported. But D didn't contact the bank using the details provided, even after the email turned up in its director's junk folder, and didn't start paying anything until July 2024.

As far as I understand, there is no debate that NatWest has reporting the arrears accurately. D's argument is that it is unfair to do so, given that it believes they were caused by the bank's own failings. But whilst I have acknowledged NatWest's role in the initial confusion, I don't think it would be fair to direct NatWest to delete the arrears from D's credit file when the arrears had persisted for so long.

I am mindful here that D was fully aware that it wasn't paying its loan and yet made no further efforts to find out how to start paying aside from the email to the complaint handler, which elicited no response.

D also believes that the absence of arrears communications is highly material to fairness. However, whilst I agree that it is unusual that the bank appeared to send no letters about the arrears until August 2024, I don't think this made any difference to what happened, because D hadn't forgotten it needed to pay its BBL. The evidence clearly shows that D was aware of its BBL in July 2023, was still well aware of it in November 2023 and, from D's own evidence, started making payments in July 2024 as soon as it had the information to do so. I am therefore not persuaded that prompts from NatWest would have made a difference here.

D has asked me to consider the bank's errors in the light of the FCA's Principles and BCOBS. But I'm afraid these regulations do not apply in this case, because BBLs are not regulated by the FCA.

Finally, I think that D underestimates the benefit it has received from the bank's agreement in February 2025 to roll up all its arrears into a new agreement over a longer term. This means that it has essentially benefited from a repayment holiday of over a year, a considerable cashflow boost for a company that would have planned on making large monthly loan repayments over that period.

### **Putting things right**

As explained above, I think the £300 compensation offered, in conjunction with the agreement to spread the arrears over the extended term of the loan is fair compensation.

I'm unclear as to whether D has already given its bank details to NatWest so that the bank can pay the compensation or not. If D has not done so, and now wishes to accept this compensation, it should provide its bank details to the bank, which should pay D £300 on receipt of those details.

### **My final decision**

For the reasons set out above, I uphold this complaint and direct National Westminster Bank Public Limited Company to pay D the £300 compensation already offered, if it has not already done so. i

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 14 May 2026.

Louise Bardell

**Ombudsman**