

complaint

Mr O and Mr P are unhappy about the action Barclays Bank plc has taken to recover a commercial loan from them.

background

In 2005 Mr O and Mr P took out a 20 year loan to pay for a property. They ran their business from it. But in 2010 the business had some problems, and for a while they couldn't afford the monthly loan payments. The bank asked them to repay the balance – over £200,000.

Barclays agreed to give Mr O and Mr P time to make payment. Even though their business wasn't trading, they managed to make up the missing payments. Since then, they've kept up the monthly payments.

The bank, however, continues to rely on the demand it sent several years ago. It says it still wants Mr O and Mr P to repay the loan in full. And it's appointed a receiver over the property.

One of our adjudicators looked at the case. She didn't think the bank had acted unfairly. The loan terms allowed it to demand repayment. It was for the bank to decide whether or not to do so – and whether or not to continue to seek repayment of the loan. Mr O and Mr P didn't agree and asked that we look at their case again.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. But, now I've done that, I've come to the same answer as the adjudicator. I don't believe the bank's treated Mr O and Mr P unfairly.

I can understand why Mr O and Mr P feel the bank's actions aren't fair. They've explained that their financial problems in and around 2010 came about because a government agency pulled out of a contract, following cuts in public sector spending. Those cuts were made because public funds were needed to support the banking sector, following the global economic downturn, which many blame on the banking industry. So, they say, the banks' behaviour caused their problems in the first place; and their bank is now forcing them to sell their property before they would choose to do so. I don't accept though that this means the bank should treat them differently.

Mr O and Mr P accept that Barclays can – legally at least – act in the way it is. But I can see why they think the bank shouldn't simply enforce its legal rights. They've brought the payments up to date and currently have a tenant keen to extend the existing lease. It's not an ideal time to try to sell the property.

But I must have regard to the legal position. And it's mainly for Barclays – not me – to make commercial decisions about its lending, both generally and in this case. I don't think it would be appropriate for me to interfere with its commercial discretion here.

For these reasons, I agree with the adjudicator's conclusions.

my final decision

My final decision is that Barclays doesn't need to do any more to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O and Mr P to accept or reject my decision before 13 November 2015.

Michael Ingram
ombudsman