

The complaint

A limited company, which I'll refer to as 'G', is unhappy that Barclays Bank UK PLC withdrew a payment holiday from its Bounce Back Loan ("BBL") it had previously agreed to apply.

G's complaint is brought to this service by its director, whom I'll refer to as 'Mr P'.

What happened

In June 2020, Mr P successfully applied to Barclays for a BBL on G's behalf, and G received the loan funds shortly thereafter.

In May 2022, Mr P spoke with Barclays and asked whether a Pay As You Grow ("PAYG") payment deferment plan could be applied to G's BBL. Barclays told Mr P that a PAYG plan could be applied to G's BBL. But shortly after applying the PAYG plan to G's BBL, Barclays withdrew it, meaning that G was then expected to make the full contractually agreed payments on the loan. Mr P wasn't happy about this, so he raised a complaint on G's behalf.

Barclays responded to Mr P and explained that Barclays had made a mistake when informing him that a PAYG plan could be applied to G's BBL. This was because G's BBL was already in a position of arrears at the time that Mr P had spoken with them.

Barclays did acknowledge that their agent shouldn't have approved the PAYG plan for G's BBL as they did, and they apologised for their agent's mistake. Barclays also explained that their agent's error also applied to a separate complaint that Mr P had raised regarding G's parent company, and noted that in their response to that linked complaint they had offered £150 as compensation for their agent's error. Mr P wasn't happy with Barclays' response, so he referred G's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Barclays had acted unfairly in how it had managed the situation and so didn't uphold the complaint. Mr P remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

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.

Barclays have explained that their agent made a mistake when speaking with Mr P and that a PAYG plan should never have been applied to G's BBL. One reason for this was because G's BBL was already in a position of arrears at that time and because G hadn't met the repayment terms of a previous PAYG plan that had been applied to its loan.

Barclays position here seems fair and reasonable to me for several reasons. The first of which is that it appears that G was never eligible to have received a BBL in the first instance.

This is because the rules of the BBL scheme include that a parent and subsidiary company, structured in the way that it appears that G and Mr P's other company (the company which holds the majority shareholding in G) are structured, are only eligible to receive one BBL.

between them. But Mr P applied for, and received, BBLs for both companies – which is not permitted by the BBL scheme rules.

I feel that G not being eligible to have received a BBL fairly justifies, in and of itself, Barclays not being willing to apply a PAYG plan to G's BBL. And I feel that the fact that Barclays now consider the full outstanding BBL balance that was illegitimately received by G to be repayable in full is also fair for this same reason.

It must be remembered that the BBL scheme was self-attested. This means it was the responsibility of the applicant, in this case Mr P, to have understood the scheme rules and to have only submitted a valid BBL application. However, as explained above, G's BBL application doesn't appear to have been valid in this instance.

Additionally, G hasn't met the contractual repayment terms of the BBL it received. This includes a previous PAYG plan that Barclays had applied to G's BBL, whereby G was only required to make interest payments for the loan during the term of the plan, with the capital balance repayments being suspended. But G didn't make the interest-only payments as required by the prior PAYG plan, and its BBL fell into arrears.

It's also clear that Barclays have provided financial support to G to give it an opportunity to recover its financial position. This includes that Barclays withdrew the first final demand it had issued to G to allow G more time to resolve its financial issues. And while I acknowledge Mr P's position that G is engaged in a legal process that's impacted its ability to meet its repayment commitments, I don't feel that this means that Barclays should fairly be expected to suspend collections and recovery action on G's BBL indefinitely.

Finally, I note that Barclays offered £150 compensation to G's parent company in its response to that company's complaint. Given that only one of either the parent company or the subsidiary company was eligible to receive a BBL, I don't feel it would be fair to instruct Barclays to pay two amounts of compensation here – one for each company – and so I won't be issuing any further instruction to Barclays in this regard.

All of which means that I don't feel that Barclays did anything wrong or acted unfairly by withdrawing the PAYG plan from G's BBL as it did. And it follows from this that I won't be upholding this complaint or instructing Barclays to take any different or further action here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 17 November 2023.

Paul Cooper
Ombudsman