

The complaint

Mr L, a sole trader, is unhappy with several aspects of how Barclays Bank UK PLC have administered his business accounts, including that they defaulted his Bounce Back Loan for non-payment and that they restricted his access to his BBL and to one of his Business Current Accounts.

What happened

Mr L held several business accounts with Barclays. In May 2020, Mr L successfully applied to Barclays for a Bounce Back Loan ("BBL") and received the loan funds into a Business Current Account ("BCA"). Mr L then moved the BBL funds to a different BCA which he also held with Barclays, and then transferred the funds to an account he held with another bank.

Monthly payments for the BBL became due in June 2021. A direct debit was in place to apply for the monthly payments from the BCA, account number ending 272, to which the loan funds had been received ("272"). But there weren't any funds present in 272 to make the BBL payments. And while the payments for June and July were taken from 272, this placed 272 in an overdrawn position as a result. The August and September BBL payments were also applied for via the direct debit, but these were returned unpaid because of the lack of funds and overdrawn position of 272, meaning that the BBL also fell into a position of arrears for those two months.

Mr L noticed that he couldn't view either the BBL or 272 online. He spoke with Barclays on 13 October 2021 and was told that online access to the accounts would be restored after he cleared the arrears present on both accounts. Mr L then made payments to clear the arrears on both the BBL and 272 accordingly. Mr L also asked for the direct debit set up on 272 to be cancelled and for a new direct debit to be set up for the BBL payments from another of his Barclays BCA's – account number ending 427 ("427"). Mr L then received letters from Barclays which led him to believe a direct debit had been set up on 427 as he'd requested.

Even though Mr L had cleared the arrears on his accounts, his online access to them wasn't restored. This meant that Mr L couldn't monitor the status of his accounts and he made several manual payments to his BBL in the absence of this online access. However, some months later, Mr L discovered that Barclays had defaulted his BBL for non-payment. Mr L wasn't happy about this, so he raised a complaint.

Barclays responded and said that on the 13 October phone call, Mr L had been advised that after the BBL and 272 account arrears were cleared, he'd need to call Barclays back to request that online access for those accounts be restored – which Mr L didn't do.

Barclays said that Mr L had also been told on that call that no new direct debit instruction had set up on 427 at the time of the call, but that a request to do so had been raised and that Mr L had agreed monitor 427 and the BBL to check that payments for BBL were being received. Following this, no direct debit from 427 was set up, which meant payments for the BBL weren't made, and Mr L hadn't contacted Barclays about this. As such, Barclays didn't feel that they'd acted unfairly by following the account arrears process they had, which resulted in the eventual defaulting of the BBL for non-payment.

However, Barclays did acknowledge that Mr L had received some letters from Barclays which may have given him the impression that a direct debit had been set up from 427 to make payments to the BBL. Barclays apologised to Mr L for this and offered to pay £150 to him as compensation for any trouble or upset this may have caused. However, Barclays also noted that they'd sent several letters to Mr L which specified that payments for the BBL weren't being received, and so they continued to feel that they hadn't acted unfairly by defaulting the BBL, even in acknowledgement of the confusing letters Mr L had received.

Mr L wasn't satisfied with Barclays' response, so he referred his complaint to this service. One of our investigators looked at this complaint. But they felt the response to Mr L's complaint that Barclays had issued already represented a fair outcome to what had happened, and they didn't think Barclays should be asked to take any further action. Mr L 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.

Having done so, I'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. This means that it isn't within my remit here to declare that Barclays have acted in a non-regulatory or unlawful way.

Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the circumstances and factors of a complaint into consideration.

I also note that Mr L has provided several detailed submissions to this service regarding his complaint. I'd like to thank Mr L for these submissions, and I hope he doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I consider to be the key aspects of this complaint, in-line with this service's role as an informal dispute resolution service.

This means that if Mr L notes that I haven't addressed a specific point he's raised, it shouldn't be taken from this that I haven't considered that point – I can confirm that I've read and considered all the submissions provided by both Mr L and Barclays. Rather, it should be taken that I have considered that point but that I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

Mr L has explained that when he spoke with Barclays in October 2021, he asked for the direct debit from 272 to be cancelled and for a new direct debit from 427 to be set up. Mr L has also explained that following this call he received a direct debit mandate from Barclays which he returned to them in a pre-paid envelope to enable the new direct debit for the BBL payments from 427 to be put in place, and that after this he received letters from Barclays which indicated that a new direct debit had been set up accordingly.

I've listened to the telephone call in question here, and while Barclays' agent did confirm to Mr L that the direct debit from 272 had been cancelled, they also explained that it hadn't been possible to set up a new direct debit from 427 at that time. The agent then went on to explain to Mr L that they'd sent a request for a new direct debit from 427 to be put in place, but that Mr L should monitor the account to ensure that this had happened and that the next scheduled payment for the BBL had been made and that Mr L may need to call Barclays to make that payment manually if the direct debit wasn't set up as requested. And Mr L clearly acknowledges the agent's instructions and agrees to do as the agent requested.

Mr L has explained that following the phone call with the agent he received a direct debit mandate from Barclays which he completed and returned to them in a pre-paid envelope. But Barclays have no record of receiving such a mandate. Barclays do have record of sending a direct debit mandate to Mr L, but this was by secured message, and so didn't (and couldn't) include a pre-paid envelope. And notably, at other times during his correspondence with this service, Mr L has denied ever receiving a direct debit mandate from Barclays following the October 2021 phone call.

Given the above, I have doubts as to whether Mr L did complete and return a direct debit mandate to Barclays to instruct a new direct debit from 427. But if I accept that he did send such a mandate, it wasn't received by Barclays and no such direct debit was ever set up. And I feel it was Mr L's responsibility – as the account holder – to have monitored both the BBL and 427 and to ensure that payments towards the BBL were being made – which is in line with what Barclay's agent advised Mr L during the October 2021 phone call when they couldn't set up a new direct debit from 427 at that time.

Following the October 2021 phone call, no payments were made to the BBL in October, November, or December 2021. This led to the BBL falling into a position of arrears, and those arrears were never cleared by Mr L, which ultimately led to Barclays issuing a formal demand to Mr L in June 2022 and defaulting his BBL for non-payment.

Mr L has demonstrated that, following the October 2021 phone call, he received a letter from Barclays dated 13 November 2021 which said: *"We have calculated that your repayment instalments will become £932.62 payable monthly. We will amend the amount of your direct debit, so you don't need to do anything. The new repayment will be effective from your repayment date 27 November 2021."*

Mr L received a similar letter dated 13 January 2022. And Mr L contends that upon receiving these letters he was of the reasonable understanding that the direct debit to pay the BBL from 427 had been set up as he'd requested, and that – to quote directly from the letters – he didn't need to do anything.

But Barclays also sent the following letters to Mr L – to the same address as the two letters described above which were received by Mr L – following the October 2021 phone call:

11 November 2021	BBL missed payments letter	Arrears of £931.20
11 December 2021	BBL missed payments letter	Arrears of £1,863.82
25 December 2021	BBL missed payments letter	Arrears of £1,836.82
13 January 2022	BBL missed payments letter	Arrears of £1,859.08
27 January 2022	BBL missed payments letter	Arrears of £1,859.08
12 February 2022	BBL missed payments letter	Arrears of £1,856.27
26 February 2022	BBL missed payments letter	Arrears of £1,856.27
14 March 2022	BBL missed payments letter	Arrears of £2,786.25
27 March 2022	BBL missed payments letter	Arrears of £1,851.99
12 April 2022	BBL missed payments letter	Arrears of £1,837.80
28 April 2022	BBL missed payments letter	Arrears of £2,764.20
15 May 2022	BBL missed payments letter	Arrears of £2,764.20
29 May 2022	BBL missed payments letter	Arrears of £3,687.10
24 June 2022	Formal Demand Notice	

It's now apparent that the two contentious letters that Mr L received dated 13 November and 13 January were auto-generated letters which notified Mr L on an amendment to the required monthly payment amount for the BBL – presumed to be being paid by direct debit – in consideration of the missed payments on the account.

I can appreciate how this may have been confusing for Mr L given the wording of the letters and that his online access to the BBL and 272 remained restricted. But as explained, I feel that the fact that Mr L's online access to those accounts remained restricted was because Mr L hadn't acted to unblock the accounts by contacting Barclays as he'd been told he would need to, and which he acknowledged and agreed to do during the October 2021 phone call.

I also note that by the time Mr L had received the second confusing letter, dated 13 January, he'd received four BBL missed payments letters – 11 November, 11 & 25 December, and 13 January – and as such I feel that it's reasonable to have expected Mr L to have contacted Barclays and to have clarified the position of his BBL – especially in the continuing absence of being able to view the accounts online.

Correspondingly, I also don't feel that the receipt of the two confusing letters – received as they were by Mr L in the midst of and in conjunction with the receipt of more frequently received missed payment letters – should have led Mr L to form any reasonable belief that he didn't need to take any action regarding his BBL and to ignore the more frequently received missed payment letters that Barclays were sending to him.

Mr L has explained that he made manual payments to the BBL from January 2022 onwards, in the absence of being able to view the BBL online, and notes that he made two payments in November 2021 which should have cleared the arrears that were present at that time.

But unfortunately, it's clear that while Mr L did transfer an amount from 427 in November 2021, he didn't transfer this amount to the BBL – which would have addressed the arrears – but instead made the transfer to 272, the BCA where the direct debit had been originally set to pay the BBL, but which had been cancelled by Mr L the month before, during the October 2021 phone call. As such, these payments didn't clear the BBL arrears, which remained present as per the subsequent missed payment letters sent to Mr L by Barclays.

In consideration of all the above, I feel that what happened was that Mr L initially fell into arrears on the BBL and into an unauthorised overdraft on 272 because he didn't ensure that the necessary money was present in 272 for the payments for the BBL to be paid. And because these accounts fell into arrears, online access to them was restricted by Barclays.

Mr L noticed that his online access to those accounts was restricted, and he called Barclays in October 2021. And shortly afterwards he cleared the arrears present on the BBL and 272 so that both accounts were brought back into line.

Also on this call, Mr L asked for the direct debit from 272 to be cancelled and a new direct debit set up to make the BBL payments from 427. But while Barclays agent was able to cancel the direct debit from 272, they couldn't set up the new direct debit from 427 and told Mr L to monitor his accounts and to call Barclays back if the direct debit wasn't set up and if the payment wasn't made – which Mr L didn't do.

Mr L feels that he was hampered by being unable to view his accounts online, because they remained restricted. But Mr L was also told on the October call that he would need to call Barclays back after he'd cleared the arrears on the BBL and the overdrawn balance on 272 to ask that these accounts be unblocked so that he could access them again online – but Mr L didn't do this.

Mr L then didn't make the payments to the BBL in October, November, or December 2021, which meant the BBL fell into arrears. And while Mr L was making manual payments to the BBL following these months, so that the amount of arrears present on the BBL didn't

continue to grow, he didn't clear the arrears that had accrued on the BBL, which eventually led Barclays to default the account for prolonged non-payment in June 2022 as they did.

In consideration of all the above, I don't feel that Barclays have done anything wrong or acted unfairly towards Mr L by defaulting his account as they did here. And this is because the BBL was in a position of multiple arrears for several months.

Instead, I feel that what's happened here is that Mr L hasn't managed his Barclays business accounts as would reasonably be expected of him and in line with his responsibilities as an account holder. This includes that Mr L didn't take the steps required of him to be able to view his accounts online, didn't act to ensure that the required payments for his BBL had been received, and didn't respond to the many BBL arrears letters that he received from Barclays. And it follows from this that I won't be upholding this aspect of Mr L's complaint.

In their response to Mr L's complaint, Barclays acknowledged that the letters Mr L had received in November 2021 and January 2022, which incorrectly indicated that he didn't need to do anything regarding his BBL direct debit, may have been confusing, and they offered to make a payment of £125 to Mr L as compensation for any trouble or upset he may have incurred because of this.

Mr L has asked how Barclays can uphold his complaint on this basis but not uphold it in full and how Barclays can maintain that the defaulting of his BBL was fair. But as I've explained above, while the two letters Mr L received may have been confusing, they were received by him in conjunction with a greater number of other, contradictory letters, which confirmed that payments had been missed on the BBL and that Mr L needed act.

As such, I'm satisfied that the £150 that Barclays have offered Mr L here is a fair amount given that it's solely for the trouble and upset Mr L may have incurred had he done what I'm satisfied he could and reasonably should have upon the receipt of the confusing letters in conjunction with the BBL missed payment letters – which was to contact Barclays to confirm the status of the BBL as being in arrears – which Mr L didn't do.

Accordingly, while I will be upholding this complaint in Mr L's favour, I'll only be doing so to formally compel Barclays – should Mr L accept this final decision – to make the payment of £150 to him that they've already offered to make. And as explained, I won't be upholding any further aspect of this complaint.

I realise this won't be the outcome Mr L was wanting, but I trust that he'll understand, given all that I've explained, why I've made the final decision that I have.

Putting things right

Barclays must make a payment of £150 to Mr L.

My final decision

My final decision is that I uphold this complaint against Barclays Bank UK PLC on the basis described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 7 August 2023.

Paul Cooper
Ombudsman