

The complaint

A company, which I'll refer to as G, complains that Barclays Bank UK PLC has unfairly pursued the company for a missed loan repayment and that the bank gave it poor service when dealing with a Recovery Loan Scheme (RLS) application.

What happened

In September 2020, G successfully applied to Barclays for a £40,000 Bounce Back Loan (BBL).

BBLs were designed to help businesses get finance more quickly if they were adversely affected by the coronavirus outbreak. Under a government-backed scheme, lenders could provide a loan with a six-year term for up to 25% of the customer's turnover, subject to a maximum of £50,000.

In the initial BBL agreement, repayments were due to begin in October 2021, but a six-month repayment holiday was agreed, then in February 2022 a capital repayment holiday was agreed. Accordingly, capital repayments were due to start in October 2022.

G also approached Barclays from March 2022 onwards about a possible loan of £140,000 under the RLS, a different government-backed scheme which was aimed at helping small and medium sized enterprises gain access to finance to grow and invest. Exchanges between the parties continued on and off for over six months, during which the bank informally advised G that an RLS application would be unlikely to succeed. In July 2022, Barclays paid £100 compensation for some poor service, but confirmed its view about the RLS lending and said there had been no bank error in this respect.

In October 2022, Barclays notified G that the first repayment after the capital repayment holiday had been missed and that £833.13 was now outstanding. A further capital repayment holiday was agreed from November, though the arrears remained.

G complained to Barclays about the bank's actions regarding both the BBL and the RLS. Unhappy about the response, G referred its complaint to this service. G's director said that Barclays hadn't alerted him that the BBL repayment holiday was ending, as it had previously promised to do. He also said he was never given any clear reasoning about the RLS and then he was ignored.

Our investigator said he didn't think Barclays should be required to do anything further. He gave the following reasons, in summary:

- He'd seen evidence that Barclays wrote to G in July 2022 saying the capital repayment holiday would shortly be coming to an end.
- Even if G hadn't received the letter, the company should have been aware of when the capital repayment holiday was ending. G should have either ensured there were sufficient funds in its account to cover the October payment or contacted Barclays beforehand to agree a further extension

- From everything the investigator had seen, the missed BBL repayment was a valid debt, so he didn't think Barclays had done anything wrong in asking for it to be repaid.
- From the first detailed conversation about the RLS, Barclays made it clear that it didn't think G would be eligible under its conditions. A number of issues were mentioned but fundamentally Barclays wasn't sure that the RLS loan would be affordable. In addition, one of the lending conditions was for the customer to have banked with Barclays for 12 months, but G's main banking facilities were with another bank.
- While no formal application had been submitted by G, Barclays had advised informally that it was unlikely to be successful. The investigator appreciated that G didn't agree, but he didn't think Barclays had done anything wrong.
- The investigator understood that the RLS is still open and G was free to apply for it with Barclays, though the application would be assessed against the lending criteria.

G didn't agree with the investigator's findings. Its director made the following points, in summary:

- He cannot accept that the bank providing a digital version of the letter counts as evidence. Whether the reason was Barclays not sending it or it being lost in the post, the fact is that G didn't receive it.
- A payment holiday is put in place for a considerable amount of time. To say that a business owner should remember the end date, among hundreds of more pressing matters, is harsh.

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 that, I've come to the same conclusions as the investigator, and for largely the same reasons.

The BBL repayment

It's common ground that the capital repayment holiday agreement ended in September 2022. It had been agreed in April 2022 that the capital repayments would begin in October 2022. But lack of funds in G's account in October meant that the first repayment couldn't be taken.

The repayment was due and it wasn't paid. G says that it didn't make funds available because it hadn't received a reminder. But I don't think that was the bank's fault. Having seen the copy supplied by Barclays, I'm satisfied on balance that the bank sent a reminder letter. Even if, as G says, that letter didn't arrive, I can't reasonably say that the bank did anything wrong.

Moreover, I agree with the investigator that G already knew that its capital repayments would commence in October, so I don't think it unfair that the bank would expect the repayments to be taken as scheduled. G's director says there were hundreds of more pressing matters. But

the end date of the capital repayment holiday was fixed from the start, and in my view the repayment of lending is itself an important matter.

I can see that, for G, it's irritating and frustrating that the October repayment has remained as arrears on the account. But I don't think the bank has acted unfairly by pursuing the debt.

The RLS

I have little to add to the investigator's points about the RLS. On more than one occasion, Barclays gave an informal assessment of the prospects for an application by G. This assessment seems to have been given in good faith. G was free to make a formal RLS application if it chose to. I don't think the bank did anything wrong here.

Summing up

For the above reasons, I don't think Barclays has acted unfairly or unreasonably with regard to either the BBL repayment or the discussions about the RLS. I therefore don't require the bank to do anything further.

My final decision

My final decision is that I don't require Barclays Bank UK PLC to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 4 September 2023.

Colin Brown
Ombudsman