

The complaint

Mr W is unhappy that National Westminster Bank Plc (“NatWest”) provided him with a Bounce Back Loan (“BBL”) which he feels wasn’t affordable for him.

What happened

In May 2020, Mr W successfully applied to NatWest for a £6,000 BBL, and he received the loan funds into his sole trader account with NatWest that same month. Approximately six months later, in November 2020, Mr W successfully applied to NatWest for a £1,000 top-up of the BBL, and again received the further loan funds that same month.

Mr W was required to make payments towards the BBL from June 2021 onwards, and Mr W made such payments from June 2021 until November 2021. However, Mr W didn’t make the December 2021 or January 2022 payments required on the BBL, which led to Mr W’s account being transferred to NatWest’s debt management team in February 2022. And while Mr W did make a payment towards the BBL in February 2022, he didn’t clear the arrears that had accrued on the loan or make any further payments towards the BBL beyond that date.

This ultimately led to NatWest defaulting the BBL for non-payment. Mr W wasn’t happy about this and felt that the BBL had clearly been unaffordable for him such that NatWest shouldn’t have provided it to him. So, he raised a complaint.

NatWest responded to Mr W and explained that BBL applications were self-attested, meaning that it had been Mr W’s responsibility to have confirmed that he could afford the loan before applying for it. Because of this, NatWest didn’t agree that they shouldn’t have provided the loan to Mr W, and they didn’t uphold his complaint. Mr W wasn’t satisfied with NatWest’s response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn’t feel that NatWest had acted unfairly in how they’d managed the situation and felt it was fair that Mr W should be considered liable to repay the money that he’d borrowed. Mr W 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.

Mr W has provided this service with medical evidence of his diagnosis of ADHD and autism, and he’s explained how these factors have affected him and continue to affect him, including in regard to financial matters. And Mr W has said that he doesn’t feel that NatWest sufficiently took the fact that he is a vulnerable person because of his diagnoses into account when approving him for the BBL, or in how they managed the situation when he wasn’t able to make the contractually required payments towards it.

It’s only natural to sympathise with Mr W and with the difficult personal and financial situation he encountered – as he’s described it to this service. But as an impartial party, I must

consider whether NatWest reasonably should have acted any differently to how they did here. And in this instance, I feel it's important to note that Mr W appears not to have made NatWest aware of his diagnoses, or the difficulties he experiences because of them, until April 2022 – which was nearly two years after he applied for the BBL and at a time when he had already missed several payments towards it.

As such, while I empathise with Mr W here, I don't feel it is reasonable to have expected NatWest to have considered his vulnerability when he applied for the BBL in May 2020 or when he began to miss the monthly payments towards it – because NatWest hadn't been made aware of Mr W's vulnerability at those times.

Mr W has also explained that he feels that NatWest should have recognised that the BBL was clearly unaffordable for him when he applied for it, which would have been apparent to NatWest had they undertaken checks into the financial position of his sole trader business before providing the loan to him.

If the loan in question here wasn't a BBL and had been provided to Mr W under 'normal' circumstances, I might agree. But the BBL scheme was created as a direct response to the unforeseen and very abnormal circumstances surrounding the emergence of the Covid-19 pandemic. And the purpose of the scheme was to provide money to applicant businesses quickly, so that they could hopefully survive the significant negative changes to the social and economic environment which occurred at that time.

It was also correctly anticipated that because of the effects of the pandemic, there would be a large influx of BBL applications immediately following the creation of the scheme. So, to enable lenders to process BBL applications quickly, the British Business Bank – which administered the BBL scheme – made it the responsibility of the applicant to self-declare that they met the eligibility criteria of the scheme and that they could afford a BBL.

This meant that NatWest weren't expected to verify or check whether Mr W could reasonably afford the BBL. Instead, it was the responsibility of Mr W to have understood the eligibility criteria of the scheme and the repayment responsibilities that he would be contractually obliged to because of it. And by applying for and accepting the BBL, Mr W did declare that he understood the nature of the BBL scheme and confirmed that he believed it was affordable for his business.

It must also be remembered and acknowledged that Mr W did receive the BBL funds and so did benefit from them. And speaking generally, it will almost always be the case that where a complainant has received money and has had the benefit of it, I will feel that it's fair that the complainant should pay that borrowed money back.

In instances where I feel that a complainant has been provided lending irresponsibly by a bank, I may instruct that bank to reimburse any interest and charges that the complaint has paid on the loan. But I don't feel that NatWest did provide this loan irresponsibly to Mr W, because the responsibility for confirming the affordability of the BBL rested with Mr W and not with NatWest, as previously explained.

All of which means that I don't feel that NatWest have done anything wrong or acted unfairly here, including in how they defaulted Mr W's BBL for non-payment. And I also note that when Mr W made NatWest aware of his diagnoses in April 2022, that NatWest referred Mr W to their Specialised Support Team – whose role includes providing support to vulnerable customers such as Mr W – who then tried to contact Mr W on several occasions but were unable to do so and who weren't contacted by Mr W himself.

Mr W has asked this service on several occasions to find a solution to the difficult position he finds himself in. However, because I feel that Mr W fairly owes the money relating to the unpaid BBL that NatWest continue to hold him liable for, I feel that the best solution here for Mr W may be to contact NatWest's Specialised Support Team so that they can assess his financial situation and arrange a suitable repayment plan with him. And I don't feel that NatWest are acting unfairly by considering Mr W to be liable to repay the money that he borrowed from them under the BBL terms that he consented to when accepting the loan.

I realise this won't be the outcome Mr W was wanting, but it follows from all I've explained that I won't be upholding this complaint or instructing NatWest to take any further action. I hope Mr W will understand, given the above, why I've made the final decision I have.

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 Mr W to accept or reject my decision before 17 October 2023.

Paul Cooper
Ombudsman