

The complaint

A company, which I'll refer to as D, complains that The Royal Bank of Scotland Plc made errors that prevented the company benefiting from the Recovery Loan Scheme (RLS).

What happened

In 2021, there were discussions between D and RBS about possible lending under the RLS, which is a government-backed scheme designed to support access to finance for UK businesses as they look to invest and grow.

In December 2021, RBS told D that it couldn't take the loan application any further because of a County Court Judgement (CCJ) registered against the company. D found that the CCJ had been registered in error and took action to have it removed from the record.

D then re-engaged with the bank but things went wrong during the discussions that followed. Communication problems meant that D missed a deadline for the loan application.

D complained to RBS, saying the company had suffered losses because of these events. In response, the bank said that early in 2022, when a staff member had moved on, the matter hadn't been picked up by colleagues. The bank said that, had things worked as they should have, D would have been told sooner that the lending may not have been an option. RBS acknowledged that this had been frustrating and annoying for D. It apologised and paid D a total of £500. D wasn't satisfied and referred its complaint to us.

Our investigator looked at the evidence and concluded that RBS didn't need to take any further action. He gave these reasons, in summary:

- Under the rules of the RLS scheme, lenders were required to undertake their standard credit and fraud checks for all applicants. In addition, to be eligible for a facility under RLS, a business had to meet certain eligibility criteria, including having a borrowing proposal considered viable by the lender and not being a business in difficulty.
- RBS responded to D in December 2021, saying it couldn't take the RLS application any further. It said the bank had identified an active CCJ registered against the business on Companies House. RBS's email contained information about other options available to D if it wanted to borrow money elsewhere, and said that an appeal against the decision could be made within 30 days. The investigator thought RBS acted fairly at this stage because, under the scheme rules, it was entitled to undertake a credit assessment and it provided D with the main reason for its decision to decline, as well as allowing an appeal.
- D took action to remove the CCJ, then re-engaged with RBS. It isn't entirely clear what happened next, but on the evidence available, the investigator thought RBS didn't act correctly and should have been clearer with D about the progress of the application. This caused inconvenience to D, for which the bank has paid £500 compensation. But on the balance of probability, the investigator thought it likely that

the RLS application would have been declined anyway. Having reviewed D's statements for its Bounce Back Loan (BBL) and its current account, the investigator could see unpaid items and overdraft use at the time, and RBS soon moved the company's accounts to its Specialised Business Management Team.

- The bank's December 2021 email made it clear that other options were available, so D had the opportunity to pursue an application with another provider before the end of the deadline. The investigator therefore didn't think RBS prevented D from accessing the RLS.
- In the circumstances, the investigator thought the £500 already paid by the bank was fair and sufficient compensation for the inconvenience caused to D.

D doesn't agree with the investigator's conclusions. Its director has made the following points, in summary:

- D didn't make an RLS application. RBS originally advised that it was unable to support the company in its application, and when the CCJ was removed, the application process restarted but RBS lost track of it.
- D was solvent, with cash reserves. The subsequent damage to its credit history was a consequence of the 20 weeks having to self-fund.
- D's transfer to the Specialised Business Management Team was caused by an underlying and ongoing problem of access to D's accounts.
- The £500 payment isn't enough to cover the losses to D. The director's time lost pursuing this matter was an opportunity cost to D.

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 reached the same conclusions as the investigator, and for largely the same reasons.

D has complained to this service about other problems with its RBS accounts, and these are being dealt with as separate complaints. My decision here is solely about the problems with the RLS application.

D's director says that the company's approach to RBS in 2021 wasn't a formal application under the RLS. But I don't think the formal status of D's approach to RBS makes any difference to my decision. It's common ground that the parties were in discussion about RLS lending, and that in December 2021 the bank told D that it wouldn't be able to take D's application any further because of the CCJ.

RBS has acknowledged that when the process recommenced in 2022, things went wrong at the bank, and it didn't communicate properly with D. The bank has apologised for this and paid £500.

I agree with the investigator that an application to RBS under the RLS in 2022 would have been unlikely to succeed. I'm satisfied that, from RBS's viewpoint, D's accounts would have

indicated that the company was having difficulties. D was soon transferred to the bank's Specialised Business Management Team because of arrears on its BBL repayments.

D's director has argued that he had reserves and that D's financial problems arose only because it had to self-fund for 20 weeks. But I think the bank, mindful of D's BBL repayment difficulties and the overdraft position on D's current account, wouldn't have been likely to regard D as meeting its lending criteria, irrespective of the availability of a cash injection from its director. For these reasons, I don't think RBS's communication failures led to D losing a loan facility from RBS.

I also agree with the investigator that RBS had already given D details of other possible sources of lending, in December 2021, when it first declined the lending. So I don't think RBS prevented or delayed D from pursuing lending elsewhere.

I've thought carefully about the level of compensation due for the inconvenience caused by RBS. I can understand that D's director would himself have suffered personal inconvenience, but in this decision I can consider only the inconvenience suffered by D as a company. I'm not persuaded that the evidence shows that D suffered significant losses resulting from opportunity costs of its director's time spent on these events. In the circumstances of this complaint, I think £500 was enough to compensate D for the company's inconvenience regarding the RLS application.

For the above reasons, I think RBS has already done enough to settle this complaint.

My final decision

My final decision is that I don't require The Royal Bank of Scotland Plc to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 5 December 2023.

Colin Brown
Ombudsman