

The complaint

A limited company, which I'll refer to as 'G', is unhappy with the service it received from National Westminster Bank Plc ("NatWest") surrounding attempts it made to contact NatWest about arrears that had accrued on one of its loans.

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

What happened

G has a business bank account and two loan accounts with NatWest. The two loans are a Small Business Loan ("SBL") and a Bounce Back Loan ("BBL").

G missed several payments towards its SBL such that in January 2023, NatWest made the decision to begin default proceedings and issued a formal demand to G for full repayment of the SBL. Mr S wasn't happy about this as he'd tried to contact NatWest about the SBL arrears but had either been unable to get through or had found that the NatWest staff he had spoken with had been unable to help him. And he also wasn't happy that NatWest hadn't contacted him themselves. So, he raised a complaint on G's behalf.

NatWest responded to Mr S and explained that they felt they'd followed an appropriate account arrears process and so wouldn't be upholding that aspect of his complaint. However, NatWest did accept Mr S's testimony that he had been cut off when he had tried to contact their Specialist Business Management ("SBM") team, to which G's accounts had been referred, and they sent Mr S a hamper as a token of their apology. Mr S wasn't satisfied with NatWest's response, so he referred G's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel NatWest had acted unfairly in how they'd managed the situation, including that G's accounts had been moved to NatWest's SBM team. And our investigator also felt that Mr S had been fairly informed by NatWest that if G's SBL couldn't be repaid in full, as NatWest now required, that NatWest may consider ending their business relationship with G – which would mean the default or closure of all of G's accounts. Mr S 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. 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 factors and circumstances of a complaint into consideration.

One consequence of this is that it isn't for this service to instruct a business such as NatWest to change or amend its operational policies and processes. Rather, it's for a business to decide how it operates. Instead, the role of this service is to decide whether the specific actions of a business being complained about can reasonably be said to have led to an unfair outcome or not.

In this instance, NatWest issued a formal demand for full repayment of G's SBL because G had failed to adhere to its contractual repayment obligations, as per the loan agreement. This doesn't seem unfair or unreasonable to me, and I note that a failure to meet the contractual payment obligations is an act of default as per the SBL agreement. And having reviewed NatWest's actions leading up to the issuance of the formal demand, I'm satisfied that they sent fair notice to G of the arrears that had accrued on its SBL and warned G of the potential consequences if those SBL arrears weren't addressed.

Additionally, it's the responsibility of Mr S, as the director of G, to have monitored the status of G's accounts with NatWest and to have been aware of the payment arrears that developed on the SBL. Similarly, it was also Mr S's responsibility, given that G was the SBL account holder, to have contacted NatWest to arrange the resolution of those arrears – either proactively or in response to NatWest's requests for him to do so.

Mr S complains that he did attempt to call NatWest, but that he was either cut off or that the NatWest agents he spoke with were unable to help him. NatWest's own records don't corroborate Mr S's position in this regard, although NatWest did accept that Mr S may have been cut off in their response to G's complaint and apologised to Mr S for this.

However, it was G's responsibility to have made the repayments that were contractually required of it as per the SBL agreement. And if Mr S was unable to contact NatWest by telephone there were other options available to him, such as making an arrears repayment proposal by written letter or by email. But I've seen no evidence of this, and Mr S hasn't referred to any alternative proposal attempts in his correspondence with this service.

Additionally, there's also no indication that Mr S tried to make any full or partial arrears repayment, which would have indicated a willingness on his behalf to have resolved the issue of the outstanding SBL arrears with NatWest.

So, while Mr S may have struggled to contact NatWest by phone about the arrears, I'm not convinced that he reasonably did enough to try to contact NatWest via other channels to find a resolution to the SBL arrears with them. And while I appreciate that trying to contact NatWest via other channels may have been inconvenient for Mr S, I feel that it was incumbent on Mr S to have accepted this inconvenience, given that it was G that had broken the loan agreement by not making the payments that were contractually required of it.

I also note from NatWest's contact notes that there were instances where Mr S spoke with NatWest about the SBL arrears. For instance, in November 2022, Mr S discussed the arrears with NatWest and agreed to call them back. But NatWest didn't receive a call back from Mr S. And, as explained previously, I feel it was incumbent on Mr S to have contacted NatWest, regardless of any difficulty he may have experienced when trying to do so.

All of which means that I don't feel that NatWest have done anything wrong or acted unfairly by following the process that they have done, including issuing a formal demand to G which required full repayment of the SBL balance.

NatWest have also confirmed that if G is unable to meet its requirement to repay the full outstanding balance of the SBL, it may move G's accounts from its SBM team to its recoveries team. NatWest confirm that this would effectively end the business relationship

between G and NatWest and lead to the default or closure of all of G's accounts. This would be a commercial decision for NatWest to make, and so I can only encourage Mr S to work with NatWest, as per their requirements, should he wish to avoid this potential outcome.

I realise this won't be the outcome Mr S was wanting, but it follows that I won't be upholding this complaint or instructing NatWest to take any further or alternative action. I hope Mr S will understand, given what I've explained, why I've made the final decision that 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 G to accept or reject my decision before 16 November 2023.

Paul Cooper
Ombudsman