

## **The complaint**

A company, which I'll refer to as O, complains that Santander UK Plc wouldn't consider an application for an overdraft facility without the company providing a director's personal guarantee.

## **What happened**

In April 2020, O successfully applied for an overdraft facility with Santander, as part of the Coronavirus Business Interruption Loan Scheme (CBILS). This was a government-backed scheme designed to help small and medium-sized businesses get finance more quickly if they were adversely affected by the coronavirus outbreak.

Early in 2023, Santander wrote to O to say the facility was coming to an end. There was a discussion about continuing the overdraft, but the bank said it would only consider an application if O offered a director's personal guarantee. The company wasn't willing to offer that.

O repaid the overdraft in March 2023 and the facility was withdrawn in April 2023.

O complained to Santander. The bank said that the CBILS overdraft facility was available for three years and had come to an end, and that any new overdraft would be subject to its normal business requirements, under which it needed a personal guarantee. O referred its complaint to us.

Our investigator didn't think Santander had acted unfairly or unreasonably in making it a condition that O provide a personal guarantee. She said there was no obligation on the bank to extend the CBILS overdraft beyond three years. She thought that for any further overdraft facility, Santander was entitled to require a personal guarantee, under its normal account terms and conditions.

One of O's directors, on behalf of the company, said that O had been denied the opportunity to appeal a lending decision because Santander hadn't permitted it to apply for the overdraft. He also said that the bank had provided incorrect information about the CBILS scheme and its own lending practice in its correspondence following the complaint.

## **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.

I'm sorry to disappoint O's directors, but I too conclude that Santander hasn't acted unfairly or unreasonably.

The overdraft facility was in place for the full three years as agreed under the CBILS arrangement. I'm not aware of any requirement on banks to extend CBILS overdrafts beyond that duration, so I think it was reasonable for Santander to treat O's request for a continued overdraft facility as subject to its normal business banking terms and conditions.

The bank offered to consider an application from O for a further overdraft facility, but it made clear that it would require a director's personal guarantee. I've looked at its general terms and conditions for business banking, and I can see that they state that the bank may require a personal guarantee to cover the facility. In the circumstances, I think the bank was entitled to use its commercial discretion to make this a condition for an overdraft.

O's director is unhappy that the bank wouldn't even consider the application without agreement to the guarantee, but the bank clearly stated that the guarantee was a requirement before proceeding, and I don't think that was unfair or unreasonable.

O has complained that Santander told O that it couldn't appeal the result of the overdraft application, as the application hadn't been processed. I've said above that I don't think the bank acted unfairly when it declined to process the application. But I can't comment further on O's concerns about an appeal, because such an appeal would be part of the bank's complaint handling procedures, which aren't within the scope of the Financial Ombudsman Service. Complaint handling in itself isn't an activity that we have the power to investigate. We can consider complaints about actions and omissions in the substantive provision of financial services, which I've done here, regarding the provision of the overdraft facility.

In its communications with O about the overdraft, Santander has described some aspects of the CBILS scheme and its own lending policy in terms which O's director says are incorrect. Specifically, he's concerned that the bank didn't say that guarantees might not be required from much larger companies, and it gave the impression that the entire CBILS scheme ran for only three years, when in fact some aspects of it ran for longer. However, I can't see that Santander said anything about the CBILS arrangements or the bank's lending practices that misled O about the company's own situation or its options. I don't think Santander gave any wrong information to O that caused the company any loss.

I appreciate that O's director has voiced concerns about the wider implications of Santander's lending policies for other companies. But the Financial Ombudsman Service isn't a regulator – our role is to resolve individual disputes between financial providers and their customers. What I've considered in this decision is Santander's treatment of O in respect of the company's overdraft.

For the reasons given above, I don't find that Santander acted unfairly or unreasonably when it declined to process an application from O for an overdraft facility without the company offering a personal guarantee.

## **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask O to accept or reject my decision before 27 December 2023.

Colin Brown  
**Ombudsman**