

## **The complaint**

A limited company, which I'll refer to as 'P', is unhappy that Barclays Bank UK PLC closed its business accounts.

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

## **What happened**

In September 2020, P successfully applied to Barclays for a £21,000 Bounce Back Loan ("BBL") and received the loan funds shortly thereafter. As per the terms of the BBL scheme, P became liable to begin making monthly payments towards its BBL from October 2021.

Unfortunately, P fell into financial difficulty, which meant it didn't make all the monthly payments towards its BBL that it was contractually required to make. And this caused P's BBL to fall into arrears.

In September 2022, Mr A spoke with Barclays and discussed P's financial difficulties with them. Regarding P's BBL, Mr A agreed to a payment holiday to defer P's future monthly payments for six months, until April 2023. And Mr A also agreed a repayment plan to clear the arrears that had accrued on P's BBL in instalments over the next several months.

But P didn't make the agreed arrears repayment plan payments, such that the plan failed. Barclays wrote to P about this in November 2022 and explained that if P's BBL arrears weren't addressed to Barclays satisfaction in the near future that further action would be taken by Barclays.

P didn't address its BBL arrears. And so, in January 2023, Barclays defaulted P's BBL for non-payment. And Barclays also made the associated decision to no longer provide banking services to P and so closed P's business accounts. Mr A wasn't happy about this, especially as P hadn't received the letters Barclays had sent about the missed arrears repayments. So, he raised a complaint on P's behalf.

Barclays responded to P and said that they didn't feel they'd acted unfairly in how they'd administered P's accounts and noted that the letters they'd sent to P had been addressed correctly. Mr A wasn't satisfied with Barclays response, so he referred P's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel P had acted unfairly or unreasonably as Mr A contended, and so didn't uphold the complaint. Mr A 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.

When Mr A spoke with Barclays on 16 September 2022 about the arrears that had accrued on P's BBL, he agreed to two separate but related courses of action on behalf of P.

One of these was in relation to the ongoing monthly BBL payments that P had yet to make but which were scheduled to become due. Regarding these ongoing BBL payments, it was agreed that a six-month repayment holiday would be put in place so that P wouldn't be required to make any further BBL payments for the next six months – until April 2023.

However, the matter of the arrears that were present on P's BBL account – because of the BBL payments that P had missed up to that date – also needed to be addressed. And regarding these accrued arrears, Mr A agreed an arrears' repayment plan whereby P would pay £350 per month until the accrued arrears were fully cleared, which would occur in the fifth month of that arrears' repayment plan.

The overall result of these two courses of action were that P's ongoing BBL payments would be deferred for six months, which gave P the chance to clear the arrears that had accrued on its BBL during those six months, before its obligation to make ongoing BBL payments resumed.

But P didn't make the £350 per month payments Mr A had agreed that P would make to clear its BBL arrears. And this meant that the arrears repayment plan failed.

Barclays wrote to P about this in November 2022 and explained that if P didn't take immediate action to address the BBL arrears that Barclays next action would be to issue a formal demand letter demanding repayment of the full outstanding BBL balance. And Barclays letter also explained that Barclays may also choose to close P's other existing Barclays accounts.

Mr A has said that P never received the letters about the broken arrears' repayment plan that Barclays sent. But Barclays have been able to demonstrate to my satisfaction that those letters were sent and that they were addressed correctly to P. And while it doesn't necessarily follow from this that those letters were received by P, this service wouldn't hold a business accountable for the non-delivery of correctly addressed letters.

Furthermore, regardless of whether these letters were received by P, it was the responsibility of P's directors to maintain their repayment agreements with Barclays. And this includes the £350 arrears repayment payments that Mr A had agreed to make on P's behalf.

Ultimately, P didn't adhere to the contractual repayment terms of the BBL agreement by missing the monthly payments that led to the accrual of account arrears in the first instance. And P also then didn't adhere to the arrears repayment plan that it agreed to with Barclays, when the opportunity to clear the accrued BBL arrears was given to it. And, because P failed in its contractual repayment obligations in these regards, I don't feel that Barclays did act unfairly by following the account arrears process they did, which resulted in what I feel was the fair defaulting of P's BBL for non-payment in January 2023.

Barclays have confirmed that upon the defaulting of P's BBL, it made the commercial decision to no longer offer banking services to P and to close P's remaining business accounts. This doesn't seem unreasonable to me, and I'm satisfied that it was a commercial decision that Barclays were entitled to make. I also note that such account closures are permitted by Barclays terms of service, specifically section 5 'Closing an account or service or leaving Barclays', as follows:

*"We can close an account (and stop providing any services and end this agreement) by giving you at least two months' notice... We may also end this agreement immediately ... if we reasonably believe you have seriously or persistently broken any terms of this agreement, or any other agreement you have with us."*

In this instance, P had broken the terms of its BBL agreement with Barclays. So, I'm satisfied that Barclays' decision to close P's other accounts was both reasonable, in light of P's failure to adhere to its BBL agreement, and also in line with Barclays service agreement terms.

All of which means that I don't feel that Barclays have done anything wrong or acted unfairly here in how they've administered P's accounts. And it follows from this that I won't be upholding this complaint against Barclays or instructing them to take any further or alternative action.

I realise this won't be the outcome Mr A was wanting. But I trust that he'll 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 P to accept or reject my decision before 6 February 2024.

Paul Cooper  
**Ombudsman**