

## **The complaint**

A limited company, which I'll refer to as 'P', is unhappy with the service it received from TSB Bank plc which it feels directly led to its Bounce Back Loan ("BBL") being defaulted.

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

## **What happened**

P is a property business. In November 2020, Mr D successfully applied to TSB on P's behalf for a £50,000 BBL, and P received the loan funds shortly thereafter.

In July 2022, with the BBL account in a position of arrears following missed payments, Mr D called TSB and requested a Pay As You Grow ("PAYG") capital repayment holiday, whereby P would only be required to pay the interest payments on the BBL for the next six months. The PAYG capital repayment holiday was agreed, and it was explained to Mr D verbally by TSB that the payment due in August 2022 would be an interest only payment of £106.75.

Mr D arranged for £107 to be present in P's business bank account to cover the August 2022 payment of £106.75. But the payment failed due to insufficient funds because the correct interest only payment amount was £107.91. This missed payment, in conjunction with previous missed payments, led TSB to issue a final demand to P on 7 September 2022.

Mr D spoke with TSB about the final demand and discussed the payments that P would be required to make when the PAYG capital repayment holiday ended. TSB's agent quoted a monthly payment amount of £529.38. However, this was incorrect, and the correct monthly amount that P would need to have made was £585. Mr D wasn't happy about this, or the previous incorrect payment amount information TSB had given him, especially as TSB then moved to default P's BBL. So, he raised a complaint on P's behalf.

TSB responded to Mr D and apologised for their agents giving him the incorrect information over the phone. But TSB noted that the correct information had been sent to P in the letters that followed the conversations, and they didn't feel that they'd done anything wrong by defaulting P's BBL as they had. Mr D wasn't satisfied with TSB's response, so he referred P's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel TSB had acted unfairly in how they'd managed the situation and felt the £25 compensation that TSB had paid to P for the verbal provision of the incorrect payment information already represented a fair outcome to that aspect of P's complaint. Furthermore, our investigator noted that Mr D appeared to have given inaccurate information to TSB on P's BBL application, such that P had never been entitled to receive a BBL in the first instance. Mr D 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.

Mr D feels that the only reason TSB had cause to issue the final demand to P in September 2023 was because their agent incorrectly told him that the next payment that P would need to make towards the BBL would be £106.75, when in fact it was £107.91. And because Mr D was told that the required payment would be £106.75, he only credited P's account from which the BBL payments were being made with £107 – which was enough to cover the amount he'd been incorrectly told but not enough to cover the correct payment amount.

In response, TSB note that while Mr D was incorrectly told that the next payment amount would be £106.75, a confirmation letter was sent to P following the call with Mr D that included a payment schedule for the PAYG capital repayment holiday which correctly gave the next payment amount as being £107.91. And TSB feel that it was Mr D's responsibility as the director of P to have reviewed that letter and understood the correct payment amount that P was required to make.

Mr D argues that P didn't receive the letter that TSB sent. However, when Mr D spoke with TSB the following month – having received the final demand letter sent to P by TSB – he questioned TSB's agent when they incorrectly told him that the payment amount when the PAYG plan ends will be £530 and said that his understanding was that it would be £584.64. And this £584.64 amount was provided to Mr D via the payment confirmation letter sent by the agent who incorrectly told Mr D that the PAYG payment would be £106.75, which Mr D has said he didn't receive.

Of course, it may be the case that Mr D became aware of the £584.64 post-PAYG plan payment amount by other means, such as by checking P's BBL account via online banking. But I also feel that Mr D, as the director of P, should have checked P's PAYG payment amounts via online banking or other similar channels before crediting P's account with the money to make the PAYG payment. And I feel that this is especially the case if Mr D intended to only credit P's account with just enough money to cover the PAYG interest-only payment he believed P had to make, as appears to have been the case.

So, I'm not convinced that the provision of incorrect information by TSB's telephone agents did directly lead to the defaulting of P's BBL as Mr D contends here. And this is because I feel that it was incumbent on Mr D, in line with his responsibilities as a director of P, to have confirmed the payment amount that P was required to make, either via the letter P received (if it was received) or via other channels.

Additionally, TSB, like all BBL lenders, are entitled to review information given to them by applicant businesses in their BBL applications, to check whether an applicant business was entitled to receive the BBL it attested it was eligible to receive in the submitted application. And, in this instance, TSB feel that P may not have been eligible to receive the £50,000 BBL that Mr D applied for, and which P subsequently received.

This is because one of the eligibility criteria for the BBL scheme was that an applicant business could apply for a BBL amount no greater than 25% of its annual turnover. In P's BBL application, Mr D attested that P did have business turnover in excess of £200,000 per annum – as required of P for it to be eligible to receive the £50,000 BBL Mr D applied for.

But P's annual accounts, as per Companies House, don't appear to corroborate Mr D's attestation that P's business turnover was in excess of £200,000 at that time. Indeed, Companies House shows that Mr D filed dormant accounts for P at that time, such that P had zero turnover, and was thus ineligible to receive the BBL it applied for.

Both TSB and this service have asked Mr D to provide proof of P's eligibility to have received the £50,000 that Mr D applied for. However, to date, Mr D hasn't provided such proof to either TSB or this service. As such, even if I were to feel that the verbal provision of incorrect information to Mr D by TSB's agents could be considered the sole contributing factor as to why P's BBL had been defaulted by TSB – which for the sake of clarity, I confirm that I do not – then I still wouldn't instruct TSB to reinstate P's BBL as Mr D would like here. And this is because it appears that P wasn't eligible to have received the BBL in the first instance.

All of which means that I feel that the present situation here as it stands – including that P's BBL was defaulted by TSB – is a fair outcome given the circumstances as I've described them above. And I also feel that the £25 payment that TSB made to P for the verbal provision of incorrect payment information already provides fair compensation to P for the provision of that incorrect information.

I realise this won't be the outcome Mr D was wanting, but it follows that I won't be upholding this complaint or instructing TSB to take any different or further action here. I trust that Mr D will understand, given what I've explained 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 P to accept or reject my decision before 13 November 2023.

Paul Cooper  
**Ombudsman**