

## The complaint

A partnership, which I'll refer to as J, complains that Barclays Bank UK PLC declined to renew its lending facilities. Mr W, who is one of the partners, brings the complaint on J's behalf.

## What happened

In 2014, J took out a loan of £1.8m from Barclays to fund its agricultural business. The loan was interest-only for the first six months and this period was extended eventually to three years.

In 2017, J wanted to start repaying some capital and required some further borrowing. The parties agreed to a restructure of the borrowing into two loans, both with three-year contractual terms. One was a £1.4m interest-only loan and the other was a £700,000 repayment loan with a term of 25 years.

J ran into difficulties and in 2019 there were discussions between the parties about the business's ability to service the debt, and the bank introduced its business support team. These discussions continued through to 2021. Proposals were put forward by J's accountant. In August 2021, Barclays acknowledged that there had been improvements but said the cash generated by the business was still not enough to service the debt.

The discussions didn't lead to an offer of renewed lending from Barclays, and ultimately J refinanced its borrowing with another lender.

J complained that Barclays' manager in the business support team lacked agricultural understanding and there had been factually incorrect statements made by the bank. J also said that the bank hadn't taken into account the increased value of the property. The partners sought repayment from Barclays of their costs of rebanking.

Our investigator didn't recommend that Barclays should be required to do anything further. He gave these reasons, in summary:

- Banks aren't obliged to renew lending to businesses. Banks have lending criteria which vary from bank to bank, and these are commercial decisions. If they aren't happy with the business's performance, or with failure to accept proposals to continue the relationship, then they are entitled to decide not to renew facilities.
- Barclays said that between May 2017 and April 2021 there was a consistent pattern of the business not delivering against forecasts, and not generating sufficient funds to service the debts.
- After 2017, J faced significant difficulties which were outside its control, including those caused by the weather, price movements and the pandemic. But it wouldn't be fair to hold the bank responsible for these.
- The investigator thought Barclays had been both patient and flexible. It had agreed

several interest-only extensions before 2017, then in that year provided more funding and put £1.4m on interest-only for a further three years. When the loans became due, Barclays gave J plenty of time to try to come to an arrangement, then extended the loans further on several occasions, allowing J time to refinance with another lender without defaulting.

- J incurred costs for rebanking, but as Barclays haven't acted unfairly, the investigator didn't think it should reimburse the partnership.

J didn't agree with the investigator's conclusions. Mr W said the bank took advantage of his lack of formal financial training when the loans were restructured. He disagreed with some of the details of the bank's version of the offers and suggestions made by the parties during the discussions from 2019 onwards. He also said the value of the partnership's assets had risen, which wasn't taken into account.

### **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.

I'm satisfied that there was no regulatory requirement for Barclays to provide advice or to ensure produce suitability regarding J's business loans when the borrowing was increased and restructured in 2017. I've looked at the facility letters to see whether they gave clear and comprehensive information about the loans, and I'm satisfied that they did so. The letters also warned that if J had any doubts about the status of the lending, then the partners should seek independent legal advice. For these reasons, I don't think that Barclays acted unfairly or unreasonably when the loans were agreed.

When the loan contracts were approaching their end, the bank was in my view entitled to make its own risk assessment in order to decide whether to renew the lending, and on what terms. I'm satisfied that it was genuinely concerned about J's ability to generate enough income to cover the debt requirements. I realise that Mr W disagrees with the bank about some of the details of the discussions about renewal terms and conditions, but it's clear that in the end, no agreement was reached. As the investigator said, there was no obligation on Barclays to renew the lending.

Given J's business difficulties, I would expect to see that Barclays acted flexibly as the lending came to its contractual end. That's what happened – there were discussions about possible renewal, and the bank gave repeated extensions for J to make and consider proposals. When the parties couldn't agree new terms, J had enough time to secure lending elsewhere and there was no default. I think the bank acted patiently and fairly.

Mr W points to an increase in the value of the partnership's assets. I can understand that such an increase would have put the business in a better financial position. But Barclays' concerns were about whether the business's income could routinely cover the outgoings on its debt, and I think the bank was entitled to take that into account in its assessment of the lending risk. As part of the renewal discussions, there was consideration of reducing the debt through further sale of assets, but my understanding is that in the end J didn't wish to do that. I don't think the bank acted unfairly here.

As I find that Barclays didn't act unfairly, I can't reasonably require it to reimburse the costs of J's move to another lender.

**My final decision**

For the reasons given above, my final decision is that Barclays Bank UK PLC hasn't acted unfairly or unreasonably towards J, and I don't require the bank to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 9 January 2024.

Colin Brown  
**Ombudsman**