

## **The complaint**

A limited company, which I'll refer to as 'D', is unhappy with several aspects of the service it received from National Westminster Bank Plc ("NatWest") surrounding its Bounce Back Loan ("BBL")

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

## **What happened**

To briefly summarise: In December 2020, D received an £18,000 BBL from NatWest. As per the BBL agreement, D became liable to begin monthly payments to the BBL from January 2022 onwards. Towards the end of 2021, D received notice from NatWest that payments towards the BBL were due to commence. But Mr E didn't know exactly when the payments were due to start and so wrote to NatWest asking for clarification on this point. However, he received no response.

Because of this, Mr E couldn't make D's BBL payments, and unbeknownst to Mr E, the loan fell into arrears. This led to NatWest issuing a formal demand for full repayment of the BBL in May 2022, at which time Mr E contacted NatWest and raised a complaint on D's behalf.

NatWest apologised to Mr E that they hadn't responded to the letter he'd sent requesting information about when D's BBL payments were due to commence and paid £75 to D because of this. But NatWest didn't feel that their failure to reply to Mr E's letter invalidated the arrears that had accrued on D's BBL, which they maintained were correct.

Shortly afterwards, on 31 May 2022, D received an email from NatWest which invited him to make monthly payments towards the BBL and which didn't mention any arrears on the account. Mr E believed that this email meant that D's BBL wasn't in fact in arrears, and so he began making monthly payments towards the BBL in line with the email he'd received.

However, shortly after this, NatWest defaulted D's BBL for non-payment. Mr E wasn't happy about this, or that NatWest later withdrew money from D's NatWest business current account ("BCA") to repay the BBL, and so raised a complaint.

NatWest responded to Mr E and said they didn't feel they'd acted unfairly by defaulting the BBL or paying the BBL debt using money from D's BCA. But NatWest did apologise for the email that had been sent to D on 31 May 2022 which hadn't include accurate information about the state of D's BBL at that time, and they made a payment of £150 to D as compensation for any trouble or inconvenience this may have caused. Mr E wasn't satisfied with NatWest's response, so he referred D's complaint to this service.

One of our investigators looked at this complaint. They noted that Mr E hadn't referred D's complaint about NatWest's failure to respond to his letters requesting information about when D's BBL payments were due to start within six months of NatWest providing their response to that complaint. And our advisor explained to Mr E that this meant he'd referred this aspect of D's complaint outside of the timeframe given for him to do so, which meant that this wasn't an aspect of D's complaint this service could consider.

Additionally, our investigator didn't feel that NatWest had acted unfairly in how they'd considered arrears to have accrued on D's BBL or in how they'd defaulted the BBL because of those arrears. And they also felt that the apology and payment of compensation that NatWest had issued to D regarding the email that had been sent incorrectly on 31 May 2022 already represented a fair resolution to that aspect of D's complaint. Mr E 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.

In December 2020, when Mr E applied for the BBL and accepted the BBL agreement on D's behalf, he was informed at that time that D would become liable to begin making payments towards the BBL from January 2022 onwards. This is as per D's BBL agreement, specifically section 4: Repayment of the loan and interest, which states:

*“4.2: The Customer will be granted a Repayment Holiday for a period of 12 months from the date on which the Loan is drawn...”*

*4.3: Unless an alternative date is agreed, the first instalment is due 1 month after the date on which the Repayment Holiday ends...”*

It was Mr E's responsibility, as D's director and the signatory to the BBL agreement, to have understood the terms of the BBL to which he was agreeing on D's behalf. And given that D received the loan funds in December 2020, I'm satisfied that Mr E should have understood, from the terms of the BBL quoted above, that a twelve-month repayment holiday would commence from December 2020, ending in December 2021, and that D would be liable to begin making payments towards the BBL from January 2022 onwards.

I therefore don't accept that Mr E bore no responsibility for D not making BBL payments from January 2022 onwards – because Mr E had been provided with all the information necessary for him to understand this point in D's BBL agreement.

Additionally, Mr E has explained that when he received notice from NatWest in late 2021 that D's BBL payments were due to commence, he wrote to NatWest and asked them when D needed to begin making BBL payments. And Mr E has also explained that because he received no response from NatWest to his letters, he couldn't make D's BBL payments because he didn't know when they were due.

However, notwithstanding the fact that Mr E should have known that the BBL payments were due from January 2022, as explained above, the obvious response to Mr E's position here is that if no responses to his letters were received then he should have contacted NatWest via other means, most obviously by telephone. And it clearly isn't the case that D was absolved from meeting its BBL commitments because its director had either forgotten those commitments (as per the BBL agreement) or didn't act proactively or with the requisite degree of responsibility to contact NatWest and confirm them.

NatWest have also confirmed that D did have online banking, meaning that Mr E could have accessed information about D's BBL via that channel. Or Mr E could have engaged in an online chat with a NatWest agent or conducted an internet search as to when BBL account holders were liable to commence making payments towards their loan.

In short, there were several avenues and opportunities for Mr E to have refreshed his understanding of the fact that D's BBL payments were due to begin in January 2022. And I'm therefore satisfied that it is Mr E himself, by failing to take any of these many opportunities, who is responsible for the fact that D didn't meet its repayment obligations and so fell into arrears on the loan.

This isn't to say that NatWest didn't make any mistakes here. Indeed, NatWest acknowledged that they sent an email to D on 31 May 2022 that didn't contain an up-to-date explanation of the position of D's BBL account at that time. And I'm aware that Mr E is also unhappy that NatWest didn't respond to his letters asking them to confirm when D's BBL payments were scheduled to commence, as discussed above.

On 16 May 2022, NatWest responded to D's complaint about their not replying to the letters sent by Mr E requesting information about D's BBL payments. And this complaint response letter gave Mr E six months to refer D's complaint about that matter to this service if he wanted to do so.

But Mr E didn't contact this service until January 2023, which was after his right to refer this aspect of D's complaint had expired. As such, I won't be commenting on the failure of NatWest to respond to the letters sent by Mr E further, and any reference I've made to this point previously in this letter should be taken as my providing context for the wider scope of D's overall complaint.

Mr E also contends that the email he received from NatWest dated 31 May 2022 – at which time D hadn't made any payments towards the BBL and so was five months in arrears – reasonably led him to believe that there were no arrears on D's BBL. And Mr E explains that he reasonably believed this because the email included no reference to any loan arrears and invited D to begin making monthly payments.

But Mr E had contacted NatWest himself on 12 May 2022 – a few weeks before he received the email on 31 May 2022 – to complain to NatWest about the receipt of the formal demand that NatWest had issued because of the non-payment of the BBL payments by D since January 2022. So, I'm satisfied that Mr D was aware that D's BBL account was in a position of multiple arrears when he received the email on 31 May 2022.

Additionally, the 31 May email that Mr E received, while it didn't specifically reference any account arrears, also didn't provide any confirmation to Mr E that the several months of arrears which he was aware at that time had been waived or written off.

As such, I feel that it should have been reasonably apparent to Mr E – given the formal demand that he'd received and responded to – that this later email from NatWest might have been produced in error, such that he reasonably should have contacted NatWest to query it. And it isn't the case that this email received from NatWest in any way absolved D of its contractual obligations to repay the BBL which it was already in arrears of, or of the potential consequences of continued non-payment of those arrears, which NatWest had already appraised Mr E of via the earlier formal demand.

But NatWest shouldn't have sent that email to Mr E. And while I'm satisfied that it wasn't reasonable for Mr E to have discounted the position of arrears that he'd previously been advised of – as it appears Mr E may have done – I can appreciate how the receipt of that

email may have been confusing to Mr E.

NatWest have acknowledged this in their response to Mr E's complaint about this matter, in which they apologised to Mr E and made a payment of £150 compensation. This response and compensation payment feels fair to me. This is because the apology and compensation was solely for the inconvenience that Mr E, as director of D, may have incurred in having to clarify the position of D's BBL at that time – which as explained I feel Mr E should reasonably have done. And so, I won't be asking NatWest to take any further action in this regard.

Mr E has explained to this service that D didn't receive any of the letters that NatWest has claimed it sent to D regarding the arrears that were developing on D's BBL from January 2022 onwards. And Mr E has also said that he never received a telephone call that NatWest also claim to have made to him.

But I'm satisfied from the information that NatWest have provided to this service that they did send the arrears letters and did make the telephone call to D as they've explained. And I'm also satisfied that NatWest sent the letters to D's correct address, as it's presently listed on Companies House and as Mr E has confirmed it to this service.

While it doesn't necessarily follow that D received the letters that NatWest sent, this service wouldn't hold a business accountable for the non-delivery of correctly addressed letters. And it also remains the case that Mr E should have been aware that D's BBL was in arrears regardless of the receipt of the arrears letters that NatWest sent, as previously explained.

Finally, Mr E is unhappy that after NatWest defaulted the BBL, they took money from D's BCA to repay the BBL debt. But this right to set-off is a common feature of lending and is permitted within the terms of the BBL agreement. And so, I'm satisfied that NatWest haven't done anything wrong by exercising their right to set-off D's BBL debt as they did.

All of which means that I don't feel that NatWest have acted unfairly here as Mr E contends. And I'm also satisfied that NatWest have already provided a fair resolution to D in regard to the email Mr E received on 31 May 2022. Accordingly, it follows that I won't uphold this complaint or instructing NatWest to take any further action.

### **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 D to accept or reject my decision before 9 October 2023.

Paul Cooper  
**Ombudsman**