

The complaint

Mr O is unhappy with the service he received from Barclays Bank UK PLC surrounding his Bounce Back Loan (“BBL”).

What happened

To briefly summarise: Mr O held a BBL with Barclays and wanted to apply for a Pay As You Grow (“PAYG”) payment deferral holiday. But Barclays wouldn’t allow him to apply for a PAYG holiday. And because Mr O was in financial difficulty at that time, and so couldn’t make the regular monthly payments for the BBL, his loan fell into arrears and was later defaulted by Barclays. Mr O wasn’t happy about this, and he also wasn’t happy that Barclays made the decision to no longer provide banking services to him and to close his accounts. So, he raised a complaint.

Barclays responded to Mr O and explained that the mandate on his account had been set up incorrectly which was why he had been unable to apply for a PAYG holiday. Barclays apologised to Mr O for this and offered to pay £200 to him as compensation for any upset or trouble he may have incurred. However, Barclays didn’t uphold Mr O’s complaint about the closure of his accounts, which Barclays felt they’d done fairly. Mr O wasn’t satisfied with Barclays’ response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they felt the response that Barclays had issued to Mr O’s complaint already represented a fair resolution to what had happened, and so they didn’t uphold the complaint. Mr O 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.

I also note that Mr O has provided several detailed submissions to this service regarding his complaint. I’d like to thank Mr O for these submissions, and I hope he doesn’t consider it a discourtesy that I won’t be responding in similar detail here. Instead, I’ve focussed on what I consider to be the key aspects of this complaint, in line with this service’s role as an informal dispute resolution service.

This means that if Mr O notes that I haven’t addressed a specific point he’s raised, it shouldn’t be taken from this that I haven’t considered that point – I can confirm that I’ve read and considered all the submissions provided by both Mr O and Barclays. Rather, it should be

taken that I have considered that point but that I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

Mr O has raised several further points of complaint against Barclays since he initially referred his complaint to us. But this service is only able to consider points of complaint that have already been raised by a complainant with the respondent business directly, and which that business has had the opportunity to consider and to formally respond to.

In this instance, Mr O was given the right to refer his complaint to this service by Barclays in their complaint response letter dated 6 June 2023. Accordingly, it's the points of complaints responded to by Barclays in that letter which I have the remit to consider here. If Mr O has any further points of complaint he would like to raise, I can only refer him to Barclays to raise those complaints with them in the first instance. Once Barclays have had the opportunity to respond to those further points of complaint, it may be the case that Mr O can refer those points to this service, should he still wish to do so.

Regarding Mr O's dissatisfaction that he was unable to apply for a PAYG payment holiday, Barclays have explained that when Mr O opened his business account with Barclays in October 2020, the application and account opening were undertaken remotely – that is, either over the telephone or online. The important point being that Mr O didn't complete a paper-based form to open the account, and so didn't provide a copy of his signature to Barclays at that time.

Barclays then sent Mr O an account opening letter along with a mandate form for Mr O to sign and return. Part of the purpose of this form was for Barclays to obtain a copy of Mr O's signature, and the form included a warning that if Mr O didn't return the signed form, that Barclays might not be able to offer him selected products and services in the future.

Barclays have no record of receiving the completed mandate form back from Mr O. One consequence of this was that Mr O couldn't apply for a PAYG holiday with Barclays for his BBL – because a PAYG holiday was one of the services that Barclays required a signed mandate form, and therefore a copy of Mr O's signature, before Mr O could avail of that service with them.

Unfortunately, when Barclays first investigated Mr O's complaint, their complaint handler wasn't aware of the need for a signed mandate form from Mr O and mistakenly believed that Barclays had made an error regarding the mandate on Mr O's account.

Barclays have now confirmed that wasn't the case, and that there was in fact no bank error because Barclays required a signed mandate form which Mr O hadn't returned to them. Barclays have also confirmed that their complaint handler upheld Mr O's complaint mistakenly in the first instance. However, Barclays note that they are happy for Mr O to retain the £200 compensation payment that he received, given that it was their error to uphold his complaint and send him that payment.

It also must be noted that Mr O first contacted Barclays to complain that he was unable to apply for a PAYG holiday on 13 February 2023. But by that time, Mr O had already missed a payment on the BBL – with the 1 February 2023 payment having not been made. This means that Mr O's BBL was already in a position of arrears at the time that Mr O first attempted to apply for the PAYG holiday.

I feel that this is important because while a PAYG holiday could have potentially removed the need for Mr O to make ongoing payments for the next six months, it wouldn't have had any effect on the arrears that were already present on the BBL because of the missed payment. This means that Mr O would have needed to clear those arrears if he wanted to

avoid what ultimately happened here – that his BBL was defaulted by Barclays for non-payment – either by clearing the missed payment arrears in one payment or agreeing a mutually acceptable arrears repayment plan with Barclays.

But Mr O didn't clear the arrears. And notably, he made no further payments to the BBL after January 2023 (other than a small payment of £12.99 he made in August 2023). Because of this, I'm not convinced that Mr O was in the position to have cleared the arrears on his BBL. And I feel it's more likely than not that Mr O's BBL would still have been fairly defaulted by Barclays for non-payment because of the missed payment account arrears – even if Mr O had been able to avail of a PAYG holiday.

I also note that Barclays correctly informed Mr O of the issue with his account mandate when he contacted them on 13 February and referred Mr O to their business mandate change team – who were the team that Mr O needed to engage with to correct the issue.

Mr O chose not to contact the business mandate change team to which he was correctly referred and instead raised a complaint. This means that Mr O missed the opportunity to potentially resolve the issue he was experiencing at that time. This was unfortunate, but I don't feel that Barclays should fairly be held accountable for the consequences of Mr O choosing not to contact the team to which he had been correctly referred.

Finally, Mr O is unhappy that Barclays chose to cease offering banking services to him and closed his accounts. I can appreciate that Mr O would have been displeased at this. However, in much the same way as an individual can choose whether to request services from any given bank, so a bank can choose whether it's willing to provide, or continue to provide, services to any given individual.

Indeed, Barclays right to issue a notice of account closure is included in their terms of service, to which Mr O consented when opening his account. And those terms include that Barclays can close an account at their discretion either with or without notice, dependent on circumstance. In this instance, Barclays gave Mr O two months' notice of the closure of his account, which both seems fair to me and is in line with their terms. Accordingly, I don't feel that Barclays did act unfairly in this regard.

I realise this won't be the outcome Mr O was wanting, but it follows from all the above that I won't be upholding this complaint or instructing Barclays to take any further action here. This is because I don't feel that Barclays acted unfairly either in how they administered Mr O's BBL or in how they closed his accounts. I hope that Mr O will understand, given all that 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 Mr O to accept or reject my decision before 2 February 2024.

Paul Cooper
Ombudsman