

The complaint

A limited company, which I'll refer to as X, is unhappy that Barclay Bank UK PLC defaulted its Bounce Back Loan ("BBL") and restricted access to its other accounts.

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

What happened

Mr P noticed that he was unable to access X's business accounts with Barclays online. He spoke with Barclays about this and was told that X's BBL had been defaulted for non-payment and they had restricted X's other business accounts as a result. Mr P wasn't happy about this, so he raised a complaint on X's behalf.

Barclays didn't feel that they'd done anything wrong in how they'd administered X's accounts, including the defaulting of the BBL. Mr P wasn't satisfied that Barclays hadn't resolved X's complaint in X's favour, so he referred X's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel Barclays had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Mr P 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.

I note that Mr P has provided several detailed submissions to this service regarding X's complaint. I'd like to thank Mr P 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 P notes that I haven't addressed a specific point he's raised on X's behalf, 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 X 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.

When X accepted the BBL agreement in June 2020, it accepted the contractual repayment obligations of that agreement. These included that X was required to make monthly payment towards the BBL from July 2021 onwards. But X didn't do this and missed several contractually required payments towards the loan.

This left X's BBL in a position of arrears, and in June 2022, Mr P spoke with Barclays and agreed an arrears repayment plan whereby X would make increased payments towards the loan for six-months, to clear the outstanding arrears over that time. The first payment of the arrears repayment plan was due in July 2022. But X didn't make this payment, and as such

the agreed payment plan was broken at the first instance.

Following this missed payment, and with X's BBL being further in arrears, Barclays sent a series of letters to X about the position of the account. But nobody from X responded to those letters, and this led Barclays to issue a formal demand to X in October 2022.

This formal demand explained that X was now considered to have defaulted on the BBL agreement such that full and immediate repayment of the outstanding loan balance was now required. And because X's business current account ("BCA") was in an overdrawn position at that time, Barclays issued a formal demand on that account also. But X didn't repay the BBL or clear the overdrawn balance on its BCA. So, Barclays defaulted both the BBL and the BCA, as they had explained that they would.

None of what I've described above seems unfair or unreasonable to me. This is because X didn't meet its contractual payment obligations on the BBL. Additionally, I'm also satisfied that Barclays sent several letters to X which clearly informed it of the position of the loan, and which gave X ample opportunity to either clear the BBL arrears or engage with Barclays and arrange an arrears repayment plan with them.

Notably, as I've mentioned, Barclays had agreed an arrears payment plan with X. But X then failed to make any of the agreed payments. And in these circumstances, the further actions of Barclays, including the defaulting of the BBL, seem both fair and reasonable to me.

Mr P argues that X didn't receive the letters that Barclays sent about the account arrears. But Barclays have been able to confirm that the letters were sent to the address which is listed on Companies House as being the registered address for X.

It doesn't necessarily follow that correctly addressed letters will be correctly delivered. But this service wouldn't hold Barclays responsible for the non-delivery of correctly addressed letters, given that the delivery of letters is undertaken by a postal service over which Barclays have no direct control.

Additionally, Barclays sent notifications about the account arrears to Mr P via other channels. And Mr P appears to have responded to one of these notifications when he called Barclays in June 2022 and discussed X's BBL arrears with them. And so, I feel that it's likely that Mr P was receiving information from Barclays about the status of X's BBL via at least one channel of communication.

However, it was the responsibility of Mr P as X's director to have monitored the position of X's BBL by any of the various channels available – such as by online or telephone banking when those options were available – or to have appointed someone at X to have done so.

This means that if letters weren't being received by X, that X wasn't absolved of its responsibility to have understood the ongoing status of the loan which it had taken and agreed to. And it's also difficult to find any reasonable argument against the expectation that Mr P should have proactively contacted Barclays if it was the case that X wasn't receiving account correspondence from them.

Mr P is also unhappy that Barclays have defaulted X's BCA. But Barclays terms include that they can cease providing services to X or close X's accounts if they reasonably believe that X is likely to be unable to meet its contractual obligations on those accounts when they become due. And, given that X failed to meet its contractual obligations on its BBL, and given that X's BCA was in an overdrawn position, I don't feel that it's unreasonable for Barclays to have invoked this term and defaulted X's BCA in this instance.

Finally, Mr P is unhappy that he's unable to answer security questions to Barclays' satisfaction on some other accounts of X that presently hold money. But it's for Barclays to set their security requirements. As such, if Mr P can't presently pass those security requirements, it's for him to work with Barclays and to discuss potential alternative solutions with them, to Barclays' satisfaction. And I wouldn't consider instructing a bank to consider a person to be cleared to access an account if that person can't pass the security criteria required of them by that bank.

All of which means that I don't feel that Barclays have done anything wrong or acted unfairly here as Mr P contends. This is because, ultimately, X didn't meet its contractual repayment obligations on the BBL, and because I feel that Barclays actions in response to X's failure to meet its obligations is both reasonable and fair.

I realise this won't be the outcome Mr P was wanting, but it follows that I won't be upholding this complaint or instructing Barclays to take any further or alternative action. I hope Mr P 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 I to accept or reject my decision before 19 December 2023.

Paul Cooper
Ombudsman