

The complaint

Mr F complains that Barclays Bank UK PLC (Barclays) treated him unfairly when applying interest to his personal loan following a payment holiday.

What happened

Mr F is self-employed as a director of his own business. He had various personal and business accounts with Barclays including a personal loan and a personal current account with an overdraft facility.

During the Covid 19 pandemic Mr F says his business was financially affected, and this in turn had an impact on his personal finances, as he wasn't able to pay himself a salary.

Mr F took a three-month payment holiday on his personal loan, which came to an end in May 2021, so he needed to resume payments from then.

Within a couple of months of this, Mr F fell behind with payments to his personal loan and also exceeded the set overdraft limit on his personal current account. He says this wouldn't have happened if his business had been approved for a government backed loan (*the loan*), it had applied for from Barclays.

Barclays contacted Mr F on several occasions, starting in July 2021, to discuss his arrears and offer to set up a payment plan to help him get back on track. Mr F refused to engage with Barclays about setting up a plan, continuing to reiterate that this problem had only arisen due to Barclays declining *the loan*.

Barclays passed Mr F's accounts to its collection team, and in October 2022, it withdrew his overdraft facility. In January 2023, he agreed to a twelve-month payment plan to clear the arrears on his personal loan.

At the same time, he raised a complaint about interest being added to the personal loan during the payment holiday. Barclays didn't uphold his complaint, it said it had provided information about the payment holiday to Mr F when he applied for it. And again when the payment holiday was coming to an end.

Mr F remained unhappy with Barclay's answer on this and so brought his complaint to this service. At this time, he also said he felt Barclays had contributed to his financial difficulties by declining his business *the loan*. He felt Barclays hadn't acted in his best interest as his personal accounts had higher interest rates than what *the loan* would have had. So he felt this played into Barclays decision to decline *the loan*.

Our investigator looked into things but didn't think Mr F's complaint should be upheld, in summary he said:

Mr F hadn't complained that Barclays had acted incorrectly on his personal accounts. And his complaint centred more around Mr F's opinion that there had been a conflict of interest when considering his business' application for *the loan*. He didn't agree there was a conflict

of interest and he felt that Barclays had acted fairly when dealing with his personal accounts.

Mr F disagreed, he made further arguments about the conflict of interest and why he felt Barclays should have approved his business' application for *the loan*. The matter has now been passed to me to decide.

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 realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. But this doesn't mean that I've not considered everything that both parties have given to me.

To be clear this decision relates only to Barclay's treatment of Mr F in regard to his personal accounts. His business's complaint about Barclays' decision to decline *the loan* is being looked at under a separate complaint, by another Ombudsman. I don't believe the outcome of this complaint is reliant on the outcome of his business' complaint. As such I have only considered what happened with Mr F's personal accounts.

Mr F's complaint to Barclays was that he felt it was unfair of Barclays to have added interest to his personal loan, following a payment holiday he took. Barclays said Mr F was provided with information about this at application stage and when the payment holiday was coming to an end.

I have seen from the contact notes Barclays provided, Mr F agreed he was given the information on both of the occasions mentioned, but that he was dissatisfied with the information. So, what I have to decide is, not if Mr F was aware when he entered the payment holiday that interest would apply, as it has already been established, he was. But if Barclays acted fairly in applying the interest as it had said it would, and if passing his accounts to collections was also fair. I think both of the actions mentioned were fair, I'll explain.

Mr F accepted when speaking with Barclays he knew of its intention to apply interest to his personal loan, following the payment holiday. So, he entered the agreement aware of the facts, he didn't dispute the fairness of this at the time and was happy to accept the terms offered. He hasn't provided any valid reason why it would later be unfair for Barclays to do what it said it would in relation to this account. So, it follows, I don't consider Barclays acted unfairly when adding interest, as it had said it would.

Shortly after the payment holiday ended Mr F fell into arrears. I have seen from the contact notes that Barclays made considerable effort to speak to Mr F about this and discuss how it might be able to help him. Mr F refused to go through his income and expenditure with Barclays and refused the offer of a payment plan on multiple occasions – telling Barclays to get the business area to approve *the loan* to solve the issue.

I have noted that Mr F's says had Barclays granted *the loan* to his business he would have been able to pay himself a salary and so would have been able to meet his personal commitments. But I think it would be useful to explain here, that the personal agreements Mr F entered with Barclays are separate to his business agreements. And while I understand the point he is making here, it doesn't take away his own responsibility to deal with his personal accounts.

While I appreciate Mr F's feelings about *the loan* both at the time and now, I don't think it was reasonable for him to ignore the personal issue and not engage in trying to reach a suitable solution to it with Barclays. Had he done so Barclays may have been able to put a plan in place to stop his account being referred to its collections department and his facilities being withdrawn. Based on the above, I'm satisfied Barclays did what it could to put a plan in place to help Mr F to get back on track, but he didn't want that help at the time. So, I can't fairly say Barclays did anything wrong when limiting his facilities and passing his accounts to its collections department.

I know Mr F will be disappointed with this outcome. But my decision ends what we – in trying to resolve his dispute with Barclays– can do for him.

My final decision

For the reasons set out above, 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 F to accept or reject my decision before 16 December 2023.

Amber Mortimer
Ombudsman