

The complaint

A limited company, which I'll refer to as M, is unhappy that National Westminster Bank Plc ("NatWest") didn't honour the terms of its Bounce Back Loan ("BBL").

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

What happened

On 2 June 2020, Mr K successfully applied to NatWest for a £40,000 BBL on M's behalf, and M received the loan funds shortly thereafter. The BBL scheme included that Mr K was responsible for self-attesting that M met the scheme criteria to be eligible to receive the BBL it was applying for. And the terms of the loan included that M would be required to begin making monthly payments towards the BBL from July 2021 onwards.

In June 2021, shortly before the monthly payments were due to commence, Mr K applied for a repayment holiday under the Pay As You Grow ("PAYG") payment deferment options which had recently been made available for BBL account holders. This meant that M's responsibility to begin making payments towards the loan was deferred until January 2022.

Sometime later, Mr K applied to NatWest for a further PAYG payment deferral plan for M, but he was told by NatWest that this option wasn't available for M. Mr K wasn't happy about this and felt that the terms of the BBL included that account holders could benefit from up to five PAYG plans, and that therefore NatWest weren't abiding by the terms of the loan. And Mr K also wasn't happy that NatWest moved M's BBL to their collections and recoveries department and later defaulted the loan. So, he raised a complaint.

NatWest responded to Mr K and explained that M hadn't made any payments towards the BBL when its responsibility to do so had begun in January 2022. NatWest also confirmed that they'd attempted to contact Mr K about this on several occasions over the following months. And because Mr K hadn't responded to those communications, and because M had continued to miss payments contractually obliged of it by the BBL terms, M's BBL had eventually been defaulted. Mr K wasn't satisfied with NatWest's response, so he referred M's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel NatWest had done anything wrong in how they'd managed the situation. And they noted that Mr K appeared not to have contacted NatWest to request a further PAYG plan until after M's BBL had been defaulted by NatWest – at which time, such PAYG options weren't available to it. Mr K 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.

Mr K has said that NatWest haven't honoured the terms and conditions of his BBL as they relate to M's rights to benefit from several PAYG plans. But M's BBL terms and conditions include no such reference to PAYG plan rights. Indeed, given that M's BBL was applied for and received in early June 2020, and given that the supporting PAYG scheme wasn't announced by the UK Government until late September 2020, the BBL terms couldn't include any reference to PAYG options – because PAYG options didn't exist at the time that M agreed to the terms of its BBL.

Additionally, after successfully applying for a PAYG option in June 2021, the contractual obligation for M to begin making monthly payments towards its BBL was deferred until January 2022. And this means that if Mr K had wanted to further defer the commencement of M's payments at that time, he would have needed to apply for a further PAYG option before M became responsible to begin making payments in January 2022.

NatWest have no record of Mr K applying for a second PAYG plan for M before January 2022. And Mr K hasn't provided any evidence that he did so either. And he also hasn't provided any evidence that a further PAYG plan was confirmed to him, such that he could reasonably have concluded that M didn't have a contractual obligation to make monthly payments to the BBL from January 2022 onwards.

Notably, the next contact from Mr K that NatWest have record of after the payment commencement date in January 2022 was nearly a year later, in November 2022. But by that time, M had breached the terms of the loan by failing to meet its contractual repayment obligations, and so NatWest had defaulted the BBL. This seems fair to me, and it meant that further PAYG options weren't available to M in November 2022 when Mr K called, because the BBL agreement had already been fairly terminated by NatWest before that time.

Ultimately, it was Mr K's responsibility as the director of M to have monitored the ongoing status of the BBL and to have understood M's responsibility to have made monthly payments from January 2022 onwards. But M didn't make any payments from that date. And Mr K neither requested a further PAYG plan until it was too late for M to benefit from one, nor responded to any of the several communication attempts NatWest made to M about the deteriorating position of the loan.

Accordingly, I don't agree with Mr K's assertion that NatWest didn't honour the terms of the BBL. Instead, I feel that NatWest have acted within the terms of the loan, and that it was M that didn't honour those terms by failing to meet the contractual payment obligations required of it by the BBL agreement.

All of which means that I won't be upholding this complaint or instructing NatWest to take any further or alternative action here. I trust that Mr K 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 M to accept or reject my decision before 26 December 2023.

Paul Cooper
Ombudsman