

## **The complaint**

Mr H, a sole trader, is unhappy that National Westminster Bank Plc (“NatWest”) defaulted his Bounce Back Loan (“BBL”).

## **What happened**

Mr H had a BBL with NatWest on which he was contractually obliged to make monthly repayments. Mr H didn’t make the monthly BBL repayments for the months of November and December 2022 and January 2023, so that his loan fell three months into arrears. Mr H resumed making monthly repayments to his BBL from February 2023 onwards, but he didn’t clear the arrears that had accrued on his account.

NatWest attempted to contact Mr H on several occasions to discuss the arrears on his BBL. When these attempts were unsuccessful, NatWest issued a default notice to Mr H, in February 2023. Mr H responded to the default notice but didn’t clear the BBL arrears or engage in any meaningful discussion with NatWest about the position of his loan.

This led NatWest to issue a formal demand to Mr H on 27 March 2023 demanding full repayment of the outstanding balance of the BBL within 30 days. And when Mr H didn’t repay the full outstanding balance of the loan by the given deadline, NatWest moved to default his BBL. Mr H wasn’t happy about this, so he raised a complaint.

NatWest responded to Mr H, but they didn’t feel that they’d done anything wrong by following the loan arrears process that they had. Mr H wasn’t satisfied with NatWest’s response, so he referred his complaint to this service.

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

When Mr H applied for and received the BBL he accepted the terms of the BBL agreement. These terms include that Mr H was contractually obliged to make monthly repayments towards the BBL in line with the loan repayment schedule.

Mr H accepts that he didn’t make the BBL repayments for November and December 2022 and January 2023, as he was contractually required to do. But Mr H doesn’t feel that his missing three repayments fairly merits the action that NatWest subsequently took, which culminated in their defaulting his BBL for non-payment.

I don’t share Mr H’s position on this matter, and I feel it’s fair and reasonable for NatWest to have followed the BBL arrears process that they did here, given that Mr H hadn’t met his contractual repayment obligations for three months.

Additionally, it's clear that NatWest did attempt to contact Mr H to discuss the position of his BBL. But Mr H didn't meaningfully engage with NatWest. And this was the case even after Mr H acknowledged his receipt of the default notice from NatWest – which was in effect a 'last chance' notice for Mr H to engage meaningfully with NatWest.

Mr H has explained that he was seriously ill at the end of 2022, which was the time he didn't make the monthly BBL repayments. I can sympathise with Mr H in this regard. But Mr H's contractual repayment obligations on the BBL weren't diminished or suspended because of the difficult personal circumstances he experienced.

Loan providers such as NatWest are expected to take personal difficulties into account and to potentially offer forbearance to a customer who informs them that they are experiencing personal difficulty. But Mr H doesn't appear to have made NatWest aware of his difficult personal circumstances at a time when NatWest could consider offering forbearance to him because of them.

Because NatWest weren't made aware of Mr H's difficult personal circumstances at a reasonable time, I don't feel that NatWest have acted unfairly by following the BBL arrears process that they did here – especially as Mr H didn't engage meaningfully with NatWest when they attempted to contact him, up to and including the default notice that NatWest issued in February 2023, as previously discussed.

Finally, while Mr H did resume making the monthly BBL repayments from February 2023 onwards, he didn't make any additional payments to clear or reduce the arrears that were present on his loan. And it was the unresolved and unaddressed presence of those arrears which led NatWest to fairly default Mr H's BBL.

All of which means that I don't feel that NatWest have acted unfairly here as Mr H contends. Accordingly, it follows from this that I won't be upholding this complaint or instructing NatWest to take any further or alternative action. I realise this won't be the outcome Mr H was wanting, but I hope he will understand, given what 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 H to accept or reject my decision before 3 May 2024.

Paul Cooper  
**Ombudsman**