

## **The complaint**

A limited company, which I'll refer to as 'B', is unhappy with several aspects of the service it received from Coutts & Company.

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

## **What happened**

B holds a business current account ("BCA") and a Bounce Back Loan ("BBL") with Coutts. In 2021, B applied to Coutts for an increase in its overdraft facility, but Coutts declined its application.

In 2022, B's BCA was in an unauthorised overdraft, and it had fallen into arrears on its BBL. In July 2022, Coutts required B to reduce its overdraft borrowing and clear its BBL arrears. And Coutts explained to B that if B didn't do these things that Coutts might issue a formal demand for full repayment of all B's lending and close B's accounts. Following this, B didn't reduce its overdraft or clear its BBL arrears. And so, Coutts issued formal demands and account closure notices to B.

Around this time, B asked Coutts for a Pay As You Grow ("PAYG") payment holiday on its BBL, but Coutts told B that it wasn't eligible to receive such a payment holiday because of the arrears on its BBL. Mr S wasn't happy about this, so he raised a complaint on B's behalf.

Coutts accepted that it had made a mistake by telling B it couldn't receive a PAYG holiday. To put things right, Coutts agreed to cancel the formal demands and account closure notices it had issued. Coutts also capitalised the arrears that were present on B's BBL and applied the PAYG holiday to the BBL that B had enquired about. Finally, Coutts made a payment of £350 to B as compensation for any trouble or inconvenience it had incurred. Mr S wasn't satisfied with Coutts' response, so he referred B's complaint to this service.

One of our investigators looked at this complaint. But they felt the response that Coutts had issued to B's complaint – including the corrective action and the payment of compensation – already represented a fair and reasonable resolution to what had happened. Mr S 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 S has provided several detailed submissions to this service regarding B's complaint. I'd like to thank Mr S 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 S 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 B and Coutts. 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.

Coutts have explained that they declined B's requests for extensions to its overdraft facility because of the negative balance of B's account and the low level of turnover through it. And Coutts have said that in consideration of these factors it wasn't comfortable providing further lending to B at that time. I think this a decision that Coutts were entitled to make.

Ultimately, an additional overdraft facility wasn't a 'right' that B had, regardless of the length of its relationship with Coutts. Rather, any additional lending to B was entirely at the discretion of Coutts. And given the position of B's accounts, I feel its reasonable that Coutts concluded that further lending to B wasn't something they wanted to engage in at that time.

The position of B's accounts included both its level of indebtedness on its BCA as well as a missed payment towards its BBL that had been due on 24 June 2022. And while Mr S did contact Coutts the following month, in July 2022, and request a PAYG holiday for B, that payment holiday would only have covered future BBL payments that B was yet to make. And it wouldn't have done anything to address the arrears.

Notably, when the BBL arrears were discussed with Mr S in July 2022, Mr S wasn't aware of them. And while he did promise to make a payment to clear the BBL arrears, that payment was never received by Coutts. Accordingly, I don't feel it was unreasonable for Coutts to consider the BBL to have been in arrears or to have followed the account arrears process.

When Coutts discussed the BBL arrears with Mr S in July 2022, they told Mr S that B couldn't apply for a PAYG holiday while its BBL was in arrears. This was incorrect, and B could have availed itself of a PAYG holiday at that time, although Coutts would have still been within their rights to have pursued B for the missed payment arrears.

Coutts have accepted that they gave Mr S incorrect information about its right to have a PAYG holiday. And to put matters right Coutts have undertaken a series of corrective actions that overall feels generous to me. This includes that Coutts rescinded the formal demands and account closure notices that it had issued to B because of the position of its overdraft and its BBL. And Coutts also capitalised the arrears present on B's BBL, thus allowing B the opportunity to repay those arrears over the length of the loan term, even though those arrears were present before the incorrect information was given.

I'm therefore satisfied that there is no further corrective action that Coutts should fairly be instructed to undertake here – because Coutts have already undertaken corrective action that goes above and beyond that which I would likely have instructed them to undertake.

Coutts have also made a payment of £350 to B as compensation for any trouble and inconvenience it may have incurred because of the provision of incorrect information. Again, this feels fair to me, and it goes beyond what I would likely have instructed Coutts to have paid to B in compensation for the inconvenience it incurred. Accordingly, I don't feel Coutts should fairly be instructed to make any further payment of compensation to B.

Mr S has explained that he's incurred a great deal of upset and stress because of what happened. But this complaint has been raised in the name of B, the limited company, which is the eligible complainant here. I'm therefore unable to consider any personal upset or distress that Mr S may have experienced. And while B as a limited company can be troubled and inconvenienced – for which, as explained, I feel Coutts have already fairly compensated it – a limited company cannot experience upset or distress. And for this reason, I'm unable to consider awarding compensation to a limited company for upset or distress.

Finally, I note some general points that Mr S has raised about Coutts' poor conduct during the events under consideration here and what he perceives as Coutts attempting to shepherd B towards bankruptcy.

I don't agree with Mr S in these regards. Indeed, I feel that the only time that Coutts acted unfairly here was their incorrectly informing Mr S that B couldn't apply for a PAYG holiday.

All of which means that I'm satisfied that the response that Coutts have issued to B's complaint already represents a fair and reasonable resolution to what happened here. And it follows from this that I won't be upholding this complaint or instructing Coutts to take any further or alternative action. I realise this won't be the outcome Mr S was wanting, but I trust that he'll understand, given all that I've explained, why I've made the final decision 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 B to accept or reject my decision before 20 February 2024.

Paul Cooper  
**Ombudsman**