

The complaint

A limited company, which I'll refer to as 'L' is unhappy that Barclays Bank UK PLC continues to pursue it for an outstanding Bounce Back Loan ("BBL") debt.

L's complaint is brought to this service by its director, whom I'll refer to as 'Mr T'.

What happened

In October 2020, Mr T successfully applied to Barclays for a £15,000 BBL on L's behalf, and L received the loan funds shortly thereafter.

L was contractually required to begin making payments towards the loan in November 2021. But L didn't make repayments to the loan in line with its contractual requirements, and this ultimately led to Barclays defaulting the BBL for non-payment in October 2022 and passing the debt to a debt recovery agency ("DRA"). Mr T wasn't happy about this because L was no longer trading and so had no reasonable possibility of repaying the debt. So, he raised a complaint on L's behalf.

Barclays responded to L's complaint but didn't think that they'd done anything wrong by defaulting the BBL and acting to recover the balance outstanding. Mr T wasn't satisfied with Barclays' response, so he referred L'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 T 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 T, in his referral of L's complaint to this service, has mentioned several additional points of complaint – further to those described above – that he would like this service to consider. However, as per the rules by which this service must abide, which can be found in the Dispute Resolution ("DISP") section of the Financial Conduct Authority ("FCA") Handbook, this service can only consider points of complaint which have been raised with the respondent business by the complainant already, such that the respondent business has had an opportunity to consider and respond to these points of complaint.

In this instance, the response to L's complaint issued by Barclays – which informed L of its

right to refer its complaint to this service – only appears to address the defaulting of L's BBL and Barclays continuing actions to recover the outstanding balance that they are owed. And the complaint response doesn't address any of the further points that Mr T has included in his referral of L's complaint to this service.

As such, I don't feel that it is within the remit of this service to consider the further points of complaint that Mr T has raised on L's behalf at this time. If Mr T would like to pursue those further points of complaint on L's behalf, he should raise these points of complaint with Barclays directly, so that Barclays have the opportunity to respond to them. Accordingly, my review of this complaint will only consider the issues as outlined in the preceding section.

This means that my review of this complaint focusses on whether I feel Barclays did anything wrong or acted unfairly by defaulting L's BBL for non-payment or regarding their ongoing attempts to recover the outstanding BBL balance that L owes to them.

Ultimately, I don't feel that Barclays have acted unfairly or unreasonably in either case here. This is because L didn't meet its contractual repayment requirements of the loan, such that I'm satisfied that it was fair for Barclays to default the BBL as they did. And I'm also satisfied that it was fair and reasonable for Barclays to make whatever attempts they felt were necessary to try to recover the outstanding balance of the BBL that L owed to it.

I'm aware that Mr T felt that the government guarantee provided by the BBL scheme meant that Barclays shouldn't be attempting to recover the outstanding balance from L as they have. But Mr T's position here is based on an incorrect understanding of the government guarantee, which as per the BBL scheme is provided to the lender – in this case Barclays – rather than to the borrower, as Mr T appears to have believed.

Indeed, it's a condition of the government guarantee provided to Barclays via the BBL scheme that Barclays are expected and required to attempt to recover the outstanding BBL balance owed by L, from L by all means possible. And it's only after Barclays can demonstrate that they have attempted to recover the BBL balance by all means possible but have been unable to do so – either in full or in part – that they can seek to reclaim the portion of the BBL balance that remains outstanding via the government guarantee.

I'm also aware that Mr T feels that Barclays should have recognised already that the BBL balance can't be recovered from L, because L is no longer trading and so has no reasonable expectation of being able to generate money with which to repay that balance.

But I feel that it's for Barclays to decide when it's satisfied that it won't be reasonably possible to recover the balance from L. And I feel it's both fair and reasonable for Barclays to take whatever action they consider appropriate to recover the outstanding BBL balance from L until such time that they feel recovery is no longer possible and that any claim they might make against the government guarantee is likely to be successful.

This includes Barclays passing the debt to a DRA to act on their behalf, which I note is permitted by the terms of the BBL agreement which Mr A signed and consented to on L's behalf when accepting the loan.

All of which means that I don't feel that Barclays has done anything wrong or acted unfairly here in the manner that Mr T contends. And it follows from this that I won't be upholding this complaint or instructing Barclays to take any further action.

I realise this won't be the outcome Mr T was wanting, but I hope that he'll 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 L to accept or reject my decision before 13 November 2023.

Paul Cooper
Ombudsman