

## **The complaint**

A limited company, which I'll refer to as 'H', is unhappy that National Westminster Bank Plc ("NatWest") defaulted its Bounce Back Loan ("BBL") for non-payment.

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

## **What happened**

To briefly summarise: H had a BBL with NatWest and was making its contractually required payments of £851.87 per month towards it by direct debit. Mr T cancelled H's direct debit and set up a standing order for £900 per month instead.

Mr T was of the understanding that H's BBL was up to date on its payments. But in November 2022, Mr T received a text message from NatWest while he was overseas asking him to call them about H's BBL. Mr T called NatWest and explained that because he was overseas, he could only be contacted by either email or by an internet telephone app. But NatWest wouldn't communicate with Mr T via either of his required channels and continued to try to call him on his mobile telephone or send him text messages.

Over the next several months, NatWest continued trying to call and message Mr T about the arrears that had accrued on H's BBL, and Mr T continued to have difficulty communicating with NatWest because he was overseas and because NatWest wouldn't contact him via the channels he was requesting. Then, in July 2023, Mr T became aware that NatWest had moved H's BBL to its collections and recoveries departments – which resulted in the defaulting of H's BBL in August 2023 by NatWest for non-payment of account arrears. Mr T wasn't happy about this, so he raised a complaint on H's behalf.

NatWest responded to Mr T but felt that they'd made Mr T aware of H's BBL account arrears and given him a fair amount of time to clear those arrears – which Mr T hadn't done. And because the arrears on H's BBL hadn't been cleared, NatWest didn't feel that they'd done anything wrong by then defaulting H's BBL as they had. Mr T wasn't satisfied with NatWest's response, so he referred H's 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 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.

In his correspondence with this service Mr T has said that he had made all the contractually required payments towards H's BBL such that the loan wasn't in arrears. But having reviewed H's BBL account statement, this isn't correct. I've reviewed H's BBL payments and it's evident that H only paid a partial payment in September 2022, then made no payments in October, November, and December 2022, before making partial payments in both January

and February 2023. And this meant that, at the start of March 2023, H's BBL was approximately £3,600 (equal to over four months of payments) in arrears.

When a business falls behind on its contractually required loan payments – as H did here – it would be expected that the loan provider, in this instance NatWest, would try to notify that business of its arrears so that the business has the opportunity to clear the arrears and recover the position of the account. NatWest did that here, and I say this because it's evident that they made a number of attempts to contact Mr T by telephone and by text message, as well as by sending letters to the address they held for H.

Mr T has explained that he was overseas throughout this time and that he told NatWest on several occasions that he could only be contacted via email or internet telephone. And Mr T feels that NatWest were acting unfairly towards H by refusing to contact him via channels as per his request.

I don't agree with Mr T in this regard. Rather, I'm satisfied that it's for NatWest to choose the methods of communication they use or are comfortable with. And NatWest have explained to Mr T on several occasions that they don't have the facility to contact him by internet telephone as he would like. Furthermore, while it may have been difficult or expensive for Mr T to have contacted NatWest by telephone while overseas, it was Mr T's choice to have been overseas, and it was his responsibility as the director of H to have ensured both that H's BBL payments were paid and that he was able to communicate with NatWest while overseas, via a communication channel that was acceptable to NatWest.

It's also clear that while it was difficult for Mr T to speak with NatWest, on the occasions that Mr T was able to speak with them, he was made aware of the arrears on H's BBL. I say this because NatWest have provided detailed call notes which include that Mr T discussed H's BBL arrears with them in December 2022. And so, I'm satisfied that Mr T was aware that H's BBL was in arrears from at least that time onwards. Additionally, as alluded to above, it was Mr T's responsibility as a director of H to have monitored the ongoing status of H's BBL and to have been aware that payments hadn't been made towards it. And Mr T's responsibility in these regards isn't in any way diminished because he was overseas.

Ultimately, H didn't meet its BBL contractual payment obligations and so fell into arrears on the loan from September 2022 onwards. Mr T should reasonably have been aware of this from September 2022 onwards, and NatWest made Mr T aware of this from December 2022 onwards. But despite this, Mr T didn't then clear the arrears that were present on H's BBL. And because he only made partial payments to H's BBL for January and February 2023, the amount of arrears on H's BBL increased.

Mr T did set up a standing order for £900 per month from March 2023, which reduced the outstanding arrears by £48.13 per month. But Mr T hadn't discussed this course of action with NatWest or secured any agreement from NatWest that it would be acceptable to them.

After receiving the first £900 payment at the end of March 2023, NatWest continued to send text messages to Mr T asking him to contact them about H's BBL. And, when Mr T didn't contact them as requested, they issued a formal demand for the BBL to H on 27 April 2023. This formal demand explained that NatWest required H to fully repay its outstanding BBL balance with immediate effect. And, when Mr T didn't repay H's BBL balance in full as was required, NatWest defaulted H's BBL – which it did on 23 August 2023.

NatWest's actions as I've described them don't seem unfair or unreasonable to me. And as explained, this is ultimately because H didn't meet its contractual payment obligations as per the BBL agreement. And I'm satisfied that NatWest did act fairly in trying to notify Mr T of the arrears – which Mr T himself should reasonably have been aware of – and also acted fairly

by defaulting H's BBL when the account arrears weren't cleared by Mr T.

Finally, Mr T has argued that because NatWest sent the formal demand to the UK address that he had registered with them for H, he wasn't aware that the formal demand had been issued. But, as explained, it was Mr T's responsibility as the director of H to have ensured that NatWest held appropriate contact details for him while he was overseas, and that any important mail sent to H's UK address was reviewed. And, given that H first accrued BBL arrears in September 2022, and given that NatWest didn't default H's BBL until August 2023 – nearly a year later – I'm satisfied that NatWest did give Mr T a fair and prolonged opportunity to avoid the defaulting of H's BBL account.

All of which means 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 T was wanting, but I hope he'll understand, given what 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 H to accept or reject my decision before 11 April 2024.

Paul Cooper  
**Ombudsman**