

The complaint

D complains about mistakes made by Barclays Bank UK PLC when arranging a payment holiday for its Bounce Back Loan that led to its business current account being restricted and the overdraft facility being removed.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

D has a business current account with associated overdraft facility and a Business Bounce Back Loan (BBL) with Barclays. D's payment for the BBL was returned unpaid on 7 June 2023. Mr C, D's director, went on to cancel the direct debit instruction.

On 3 July 2023, Mr C called Barclays to discuss the BBL. During the call, Barclays explained D had missed a payment on 7 June 2023. A Capital Repayment Holiday (CRH) was arranged for the BBL. Barclays' contact notes show Mr C was advised D's CRH request had been successful and that a six month payment holiday had been agreed. Barclays' contact notes also show Mr C advised that D wasn't able to make the BBL payment due on 7 July 2023, in addition to missing June 2023's payment. The notes show Mr C was told the missed payments could remain on the BBL account and that he should call back within 30 days of the CRH end date to arrange a payment plan to clear them.

On 19 July 2023, Barclays wrote to Mr C to confirm D's CRH would begin on 7 August 2023 and run to 7 January 2024. The letter said the existing direct debit instruction should remain in place and would be cancelled by Barclays. But Mr C had already cancelled the direct debit instruction in June 2023.

On 15 September 2023 Barclays wrote to Mr C on D's behalf to say it had removed the overdraft facility on its business current account. At the time, the account balance was around £3,500 overdrawn so the removal of the overdraft facility meant no payments could be made. This led to a number of direct debits from D's account not being paid.

On 18 September 2023 Mr C called Barclays to discuss D's business current account. Barclays advised the final demand had been sent due to the arrears on the BBL. Barclays took £672.08 (the value of the missed payments from June and July 2023) from D's business current account and used it to repay the arrears on the BBL. Barclays contact notes also show the agent arranged for a new direct debit mandate to be set up for D's BBL. The restrictions were removed from the business current account on 18 September 2023. But as the systems take 24 hours to update, direct debits were again returned unpaid. Full account access was returned the following day.

Mr C complained on D's behalf and Barclays issued a final response on 20 October 2023. Barclays said it had taken the step of restricting the business current account in September 2023 due to three consecutively missed payments after Mr C cancelled the direct debit instruction at the start of June 2023. Barclays accepted Mr C had made contact in July 2023 to discuss the CRH. Barclays explained the agent Mr C spoke with should've told him to

make D's July 2023 BBL payment and arranged for the direct debit to be reinstated. Barclays arranged for £41.16 of interest to be refunded to the BBL. Barclays added that Mr C would need to make a manual payment in November 2023 if the direct debit wasn't arranged by the payment date.

Barclays also said it had contacted D about the restrictions before they came into place and that Mr C had failed to respond. Barclays offered D £200 to apologise for the inconvenience caused.

Mr C referred D's complaint to the Financial Ombudsman Service and it was passed to an investigator. They thought Barclays had made a fair offer to resolve D's complaint and didn't ask it to do anything else. Mr C asked to appeal on D's behalf and said he didn't expect Barclays to contact him with important information of this nature via CD Rom, in line with his original communication preferences. Mr C also said Barclays' offer didn't reflect the amount of time he'd spent contacting it and trying to resolve the issues raised or the level of inconvenience caused. Mr C added that as a small business, the day to day impact of Barclays' errors was significant which wasn't reflected in its offer of £200. As Mr C asked to appeal D's complaint, it's been passed to me to make a decision.

What I've provisionally 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.

I can understand why Mr C remains dissatisfied with the way D's accounts were handled by Barclays. I can see that D's June 2023 payment was returned unpaid. As a result, Mr C cancelled the direct debit instruction and on 3 July 2023 called Barclays to discuss the BBL arrangement. Barclays' contact notes are clear in explaining that during the call, Mr C advised that D wasn't able to make up the missed payment at that time. Mr C also confirmed D wasn't able to make the payment due on 7 July 2023 either. The agent Mr C spoke with told him the arrears could remain on D's account during the CRH. Mr C was asked to call back within 30 days of the end of the CRH to discuss arrangements for repaying those missed payments. So I'm satisfied Mr C was very much left with the impression that D's June and July 2023 payments had been taken into account by Barclays and that he could make arrangements to repay them at a later date.

Barclays says the agent Mr C spoke with should've told him the July 2023 payment remained due. But it's clear they did the opposite and said he could make arrangements to cover it at a later date. And the 19 July 2023 CRH confirmation letter Barclays issued didn't mention the 7 July 2023 missed payment or ask Mr C to make contact to discuss it. In my view, Mr C made contact with Barclays to discuss arrangements for the BBL in good time and acted in line with the advice and information he was given on 3 July 2023.

Barclays says Mr C failed to check the correspondence it issued to D via CD Rom. Mr C's confirmed he didn't check as well. But I think Mr C was acting on the basis D's BBL CRH had been agreed and arranged as agreed on 3 July 2023. I wouldn't expect Mr C to be on the lookout for correspondence from Barclays to say it had taken the decision to remove the overdraft facility and restrict access to D's business current account. And whilst I understand customers should keep up to date with correspondence issued by their bank, I'm not persuaded it's fair to say Mr C's actions in failing to pick up Barclays' mistakes at an earlier stage should impact the outcome of D's complaint.

I note that direct debits went unpaid as a result of Barclays' actions. Despite discussing the issue with Mr C and making the relevant changes to the accounts, further direct debit payments were returned on 18 September 2023. Barclays says the systems changes take

24 hours to come into effect. But I haven't seen anything that shows Mr C was notified of that fact so he could warn D's creditors to delay any further attempts.

Despite agreeing that Mr C could make arrangements for the June and July 2023 missed BBL payments at the end of the CRH on 3 July 2023, they were repaid in full on 18 September 2023 before Barclays was willing to remove the business current account restrictions. That's very much against what Mr C was told on 3 July 2023 and meant D's business current account became more overdrawn. Given the situation, I can understand why Mr C was persuaded to proceed on that basis. But I'm satisfied this caused further inconvenience to D.

I note Mr C's queried why arrears on the BBL would impact D's business current account. But Barclays will take a view of all accounts a customer holds when considering whether to continue offering the same services. That means Barclays can take action on a business current account on the basis of arrears on a BBL.

Whilst I'm pleased Barclays was able to resolve the issues raised shortly after 18 September 2023, I haven't been persuaded that £200 fairly reflects the level of inconvenience caused to D or the time Mr C had to spend trying to resolve matters. I can see Mr C has mentioned a figure of £2,500 but I'm not persuaded an award at that level is fair either. In my view, a payment totalling £400 (in addition to the interest Barclays waived on the BBL for October 2023) is a fairer way to resolve D's complaint and more reasonably reflects the level of inconvenience caused. Unless I receive any new information that changes my mind, I intend to uphold D's complaint and increase the award by a further £200.

I invited both parties to respond with any additional comment or points they wanted me to consider before I made my final decision.

Mr C came back to us and asked to listen to the phone calls relied on. Our investigator responded and confirmed no call recordings had been forwarded by Barclays.

Barclays responded and said it didn't object to the settlement reached in my provisional decision. But Barclays' case manager asked for clarification regarding comments in the provisional decision relating to Mr C receiving correspondence for D via CD-Rom. The case manager advised that correspondence can be sent via letter or issued online. The case manager also said that BBL payments continued at a reduced rate during the CRH to cover interest. The case manager explained that when payments to cover interest aren't made during the CRH, it contributes to wards the default position.

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.

I'd like to explain that Barclays didn't forward a copy of any call recordings with Mr C as part of its submissions. The comments I've made in the provisional decision relate to information I found within D's contact notes with Barclays.

Barclays' case manager responded to explain they weren't aware of any correspondence method that includes issuing a CD-Rom. I refer to Barclays' final response dated 20 October 2023 that explains D's correspondence preference was previously set to CD-Rom but updated whilst its complaint was being investigated. In any case, I can confirm that the correspondence method didn't impact the award I reached in the provisional decision.

I can also confirm that I am aware that during the CRH, D was obliged to make reduced payments to cover the interest. But, for the reasons I noted in my provisional decision, I'm satisfied the way Mr C's call was handled on 3 July 2023 was poor. And I'm satisfied that the call handler Mr C spoke with should've set up a new direct debit instruction to ensure D's reduced payments during the CRH could be claimed.

As no new information has been provided by either party, I see no reason to change the conclusions reached in my provisional decision. I still think D's complaint should be upheld and that Barclays should pay it a total of £400 for the inconvenience caused, in addition to the interest refund set out in its final response.

My final decision

My decision is that I uphold D's complaint and direct Barclays Bank UK PLC to settle by paying D a total £400 for the inconvenience caused in addition to the interest refund set out in its final response.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 1 August 2024.

Marco Manente
Ombudsman