

## The complaint

A limited company, which I'll refer to as 'S', is unhappy that National Westminster Bank Plc ("NatWest") has moved to default its Bounce Back Loan ("BBL").

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

## What happened

In May 2020, S successfully applied to NatWest for a BBL and received the loan funds that same month. The terms of the BBL included that S wouldn't be required to make any repayments to the loan for the first twelve months, meaning that S's liability to begin making monthly loan payments began in June 2021.

In June 2021, before making a BBL payment, S took a six-month payment holiday on the BBL. When that payment holiday finished, S then immediately took another six-month payment holiday, so that S's obligation to begin making full monthly payments on the loan was delayed until June 2022.

In June 2022, S took a third six-month payment holiday. And then, when that payment holiday ended, S took a fourth payment holiday, so that S's obligation to begin making full monthly payments to the loan was pushed back until June 2023. This fourth payment holiday exhausted all the payment holiday options available to S.

In June 2023, S arranged for an extension of its loan payment term from 60 months to 120 months, which had the effect of reducing the monthly payment amount that S needed to pay. S then made monthly payments towards the BBL at the reduced amount for six months from June 2023 to November 2023. But S didn't make the contractually required monthly payments towards the BBL in December 2023 or January 2024.

In February 2024, Ms F spoke with NatWest and explained that S was in financial difficulty and couldn't make the required monthly payments, but said that S might be possible to clear the two months arrears that had accrued up to that time. NatWest placed a 30-day hold on S's account to give Ms F the time to arrange the arrears to be cleared. However, no payment from S was received.

In April, with S's BBL now four months in arrears, with no payment having been received since November 2023, NatWest spoke with Ms F again. At that time, Ms F asked for a further payment holiday or a further hold to allow her time to try to recover S's financial position. But NatWest explained that S had already utilised the four payment holidays that were available to it, and that they were only willing to offer one 30-day hold, which S had also already used.

NatWest discussed S's finances with Ms F around that time, and learned from Ms F that S had no affordability to make any payments towards its BBL. Because of this, and because of the level of arrears that had already accrued on S's BBL, NatWest explained to Ms F that the only option now was for NatWest to begin the process of defaulting S's BBL for non-payment. Ms F wasn't happy about this, so she raised a complaint on S's behalf.

NatWest responded to Ms F but reiterated that S had already exhausted the financial support options that were available to it and so didn't feel they'd done anything wrong in how they were administering S's BBL. Ms F wasn't satisfied with NatWest's response, so she referred S's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that NatWest were acting unfairly towards S as Ms F contended. Ms F disagreed, and 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 her testimony to the Financial Ombudsman Service, Ms F has provided a detailed explanation of a series of challenging personal and professional events that have unfortunately, but understandably, led to S being in the difficult financial position that it presently is.

On a personal level, it's only natural for me to feel sympathetic for Ms F here, given the difficult times that she's clearly had to endure. But in my professional capacity as an ombudsman, I must remain impartial. And given that this complaint is raised in the name of S, the limited company (because the BBL is in the name of S), it must be noted that the challenges faced by Ms F in her personal capacity are less relevant to this complaint than would be the case if this complaint were about a product in Ms F's personal name.

It's also important to note that the BBL scheme was overseen by the British Business Bank, who confirmed the rules of the scheme. And that loan providers, such as NatWest, were expected to provide and administer BBLs in accordance with the rules of the scheme.

The BBL scheme rules included that borrowers which experienced financial difficult could avail of a set number of six-month payment holidays and could also extend the repayment term of their loan from 60 to 120 months. In other words, the financial support that a loan provider such as NatWest could offer to a BBL account holder was defined by the rules of the BBL scheme.

In this instance, S has availed of all the support options available to it. This includes that S has benefitted from four six-month repayment holidays and has also extended the repayment term of its BBL to 120 months.

I'm aware that Ms F feels that NatWest should be able to offer more financial support to S, even in consideration of the support that S has already received. But as I've explained previously, NatWest are expected to administer S's BBL in accordance with the BBL scheme rules, which include the financial support that is available to BBL account holders. I'm satisfied that this is what NatWest have done here. As such, I don't feel that NatWest are acting unfairly towards S by not offering further financial support to it.

Furthermore, because there aren't any financial support options that remain available to S, I don't feel it's unreasonable for NatWest to consider S to have fallen into significant arrears on its BBL – given that S hasn't made a payment towards the BBL since November 2023.

Where a loan falls into arrears, it wouldn't be expected that a loan provider would allow that loan to remain open and in arrears indefinitely. Instead, it would generally be expected that once a loan has fallen into more than three months of arrears, that the loan provider would commence collections and recovery action on that loan. And if the loan holder doesn't clear

the arrears that have accrued on that loan and resume making monthly payments as per its contractual repayment obligations, the loan provider would be expected to default the loan.

In this instance, I'm satisfied that NatWest have given S a fair and reasonable opportunity to recover the position of its BBL. But S hasn't done this, and instead its BBL remains in a position of significant arrears. Because of this, I don't feel that NatWest are acting unfairly or unreasonably by moving to default S's BBL. Instead, I'm satisfied that NatWest have acted in accordance with how they would be expected to act in circumstances such as this.

As noted at the beginning of this section, I understand from Ms F's testimony why S has fallen into the financial position that it has. And I accept that what Ms F has experienced in her personal life is unfortunate and has affected her in her role as director of S.

But ultimately, S had a contractual obligation to make monthly payments to the BBL. And while Ms F's personal experiences and the instability in S's commercial sector are unfortunate, these factors don't reduce or diminish S's contractual loan repayment obligations in any way.

Accordingly, while I accept and understand why S has been unable to repay its BBL in line with its contractual obligations, I don't feel that the fact that NatWest have moved to default S's BBL is unfair or unreasonable in any way. Rather, I feel that NatWest moving to default S's BBL is the unfortunately expected and necessary consequence of S being unable to meet its contractual repayment obligations in the manner that it has.

All of which means that I won't be upholding this complaint or instructing NatWest to take any alternative form of action here. I realise this won't be the outcome Ms F was wanting here, but I hope that she'll understand, given all that 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 S to accept or reject my decision before 1 April 2025.

Paul Cooper  
**Ombudsman**