

The complaint

Mr C and Mr F complain that Barclays Bank UK PLC won't release them from joint personal guarantees despite being told by Barclays that this would happen.

What happened

Mr C and Mr F were directors of a business I'll refer to as "T". They had an overdraft facility with Barclays which was withdrawn by Barclays in November 2020. They had provided personal guarantees for this overdraft facility and in April 2021, Mr C contacted Barclays to ask if himself and Mr F could be released from the personal guarantees due to the facility being withdrawn.

Barclays' agent explained that the guarantee for the overdraft was product specific, so the guarantee would've been removed when the overdraft facility was withdrawn. Mr C asked the agent to confirm this in writing which the agent agreed to do. However, no letter was received by Mr C or Mr F confirming the removal of the guarantee.

In December 2021, a liquidator was appointed to T, after which Barclays' recoveries team began to pursue the directors for the outstanding liabilities of T. Mr C told Barclays that himself and Mr F would like to deal with the debt as a collective party and explained that they had been released from their personal guarantee liabilities on a call with Barclays in April 2021.

Barclays said they would investigate the call and if their agent explicitly stated that there is no personal guarantee or that it was automatically withdrawn, she would seek to release them from their personal guarantee liabilities.

As the matter wasn't resolved, Mr C complained to Barclays who issued their final response letter in December 2022. There were inaccuracies in that letter so Mr C asked Barclays to reinvestigate the matter.

Barclays sent a further final response letter in May 2023. They apologised for the errors in their previous response but said they were still unable to find a copy of the call from April 2021 in which Mr C said Barclays relinquished Mr C and Mr F from their personal guarantee liabilities. Barclays didn't uphold the complaint as they couldn't find any evidence, written or verbally recorded, to show that the removal of the guarantee was agreed.

Barclays offered £25 as an apology for the inaccuracies in their initial final response letter.

Mr C was unhappy about this outcome and brought his complaint to our service. One of our investigators looked into the matter but she didn't uphold the complaint as she said the guarantee in question related to a term loan and not to the overdraft.

At the time she gave that opinion, Barclays were still unable to locate the call from April 2019 in which the guarantee was discussed. However, this call has since been found and the recording, along with a copy of a guarantee Mr C and Mr F had signed in relation to a term loan with sixty instalments entered into on 24 September 2019 by T, cemented her view that

the complaint shouldn't be upheld and that the bank were entitled to call in the personal guarantees.

Mr C asked for an ombudsman to review the case, so it was passed to me to decide.

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.

Barclays has provided us with two personal guarantees that were given to them by Mr C and Mr F against the borrowings of T. One was for an overdraft facility and the other was for a term loan.

The guarantee related to the overdraft was given in February 2019. During the call between Barclays and Mr C in April 2019, it is this guarantee that is being discussed and not the guarantee related to the term loan. I say this as Mr C specifically mentions the overdraft and how the facility was withdrawn by Barclays without notice. At no stage does he, or the agent he is discussing the matter with, mention the term loan.

Barclays' agent is very particular about the fact that the guarantee in question is product specific, and he explains that it would've been released at the time the overdraft was withdrawn as it was specific to that product.

The guarantee for the term loan was given in September 2019. It is a separate agreement from the guarantee for the overdraft. T had outstanding liabilities relating to the term loan so I see no reason why Barclays shouldn't pursue the personal guarantees provided against that lending. There is no evidence either on that call or in any documentation I have seen to say that Mr C and Mr F had been released from the guarantee relating to the term loan. The only guarantee discussed was provided for the overdraft and was specific to that product.

As such, I can't say that Barclays have done anything wrong in asking the guarantors to repay the outstanding debts of T relating to the term loan.

Complaint handling

I understand that Mr C and Mr F are unhappy with the way Barclays have handled their complaint, however complaint handling is not a regulated activity, so this is not something I have the jurisdiction to comment on.

I appreciate that Mr C and Mr F will be disappointed by my decision, but I've seen no evidence that Barclays has agreed to relinquish them from their personal guarantee obligations in relation to the term loan provided to T in 2019.

My final decision

I don't uphold this complaint for the reasons given above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mr F to accept or reject my decision before 13 January 2025.

Tara Richardson
Ombudsman