

The complaint

B, a limited company, complains that Barclays Bank UK PLC has been charging it for an overdraft facility that it didn't agree to or need.

What happened

The director of B says he received a letter in October 2019 about an overdraft facility on the company account. This stated that B may be charged fees and he discovered that an overdraft had been marked since 2012. B has been charged fees for this and he wants all of these to be refunded. He says that B didn't agree this.

Barclays responded to B's complaint and said it wouldn't be refunding fees. It provided a copy of the facility letter. Barclays said it didn't have a signed version now, but the facility wouldn't have been applied without that especially as it needed a personal guarantee from the director. It said that B was sent a pre notification of the actual charges and those applied were shown on the statements.

Our investigator recommended that the complaint be upheld in part. He said that Barclays had shown it was sending annual renewal letters from 2017 about the overdraft and the fees. Details of the charges were pre notified each month. And Barclays had shown it had written to B on 6 November 2012 confirming the overdraft facility following Barclays approval. All the information had been sent to the correct address for B. He thought B reasonably knew about the overdraft and actual fees and that the wording in the letter that Barclays 'may' apply a fee wasn't wrong as the fees were set out.

But he said that B had raised a query about this in November 2019 which Barclays hadn't responded to until the final response letter of 28 October 2020. And so, he said that all such fees from November 2019 should be refunded as it was clear that B had then said it didn't want the overdraft.

Barclays agreed to refund those fees. B didn't agree this was sufficient. The director said that all fees back to 2012 should be refunded. B didn't request or sign up for the overdraft. It shouldn't have been charged if it didn't want or use the facility. It hadn't received the letters. And its accountant would have seen the statements and would have assumed the charges were authorised.

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 appreciate having looked at the bank statements for B since 2016 that it didn't have need for an overdraft and had cash balances in the account. And that the director is unhappy to be charged for something he insists B didn't want or need.

Having looked at the information available I find it most unlikely that Barclays would have issued and established a facility on the account if that was something that B didn't want and agree to in 2012. This was the year as I understand it that B was incorporated.

I don't think Barclays would necessarily have cause to think that B didn't want the overdraft any longer only because it wasn't using it. Barclays has shown it was being reviewed internally. And it had been writing to B. I'm unable to resolve why B didn't get letters about the renewal of the facility in 2017 and 2018 which seem to have been correctly sent. But I understand B received the letter in 2019 which led to the complaint. These letters set out that there may be fees as B says but then the fees that were payable monthly. These fees were pre notified in monthly charging and then applied to the bank account and shown on statements. In my view Barclays could reasonably think that B had been notified. It was a matter between B and any professional advisor as to how the charges were reviewed and assessed.

B did raise the issue with fees and the overdraft in November 2019 as our investigator says. And I consider that from this point it had expressed concern about them in the way that it was asked to do in the renewal letter. I think that should have led to the fees then being stopped. So, I agree with our investigator that it's reasonable for the fees after that to be refunded. I understand that the facility was removed from the account in 2020 after the final response.

I appreciate that the director of B will be disappointed with my assessment.

My final decision

My decision is that I uphold this complaint in part, and I require Barclays Bank UK PLC to refund the overdraft fees that B paid from the start of November 2019 onwards.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 14 March 2022.

Michael Crewe
Ombudsman