

Complaint

Mr A says that Barclays Bank UK Plc (“Barclays”) unfairly removed his overdraft, closed his account and recorded a default on his credit file.

Background

One of our adjudicators looked into Mr A’s concerns. She didn’t think that Barclays had done anything wrong or treated Mr A unfairly and so didn’t recommend the complaint be upheld. Mr A disagreed and so the complaint was passed to an ombudsman for a final decision.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having carefully considered everything provided, I’ve decided not to uphold Mr A’s complaint. I’ll explain why I’ve done so in a little more detail.

In the first instance I know Mr A’s also complained about being misled into thinking he’d never pay interest on his student overdraft. Barclays says Mr A complained about this in 2016 and so he ought to have referred this matter within six months of his complaint. I know Mr A disputes this. But even if Mr A didn’t complain about this matter in 2016, he was still aware that he was being charged at this stage. So he ought to have been aware he also had cause to complain about being misled, as he says, and as this is the case, he would have needed to complain within three years of this complaint (or six years of the overdraft having been provided). As he didn’t, I can’t look at whether he was misled in the way he says he was.

I now turn to the circumstances behind Mr A’s overdraft being removed and a default being recorded on his credit file. It isn’t in dispute that Mr A received a letter from Barclays, in October 2016, telling him that his overdraft was going to be removed. It looks like this letter was sent because Mr A hadn’t been crediting his account with sufficient funds and Barclays had been trying to contact him for some time about this. Mr A contacted Barclays on receipt of this letter and the notes suggest he appears to have told Barclays he was experiencing financial difficulty and a 14 day breathing space was applied to his account at this stage.

After the breathing space completed, Mr A then completed an income and expenditure assessment with Barclays. Mr A confirmed that he already had arrangements in place to repay priority creditors which affected his ability to repay his overdraft but would complete by the end of January 2017. As a result of this Barclays agreed to accept token payments of £10 a month towards Mr A’s overdraft as a temporary measure. It also refunded some charges in December 2016 which reduced the overdraft balance further. Mr A was required to get in contact once his payments to his other creditors had ended.

It’s worth noting that the £10 a month payments Mr A made were only ever token payments and weren’t part of any formal repayment plan as this amount was nowhere near enough to reduce the amount Mr A owed within a reasonable period of time. Furthermore, Mr A never

got back in touch with Barclays to arrange a formal plan to repay his overdraft. And as a result of not hearing from Mr A, Barclays once again decided to begin corrective action in relation to removing the overdraft as it was entitled to do. It issued a further termination notice to Mr A in February 2017.

I do sympathise with what Mr A has told us. I fully appreciate why he's unhappy with adverse information being recorded on his credit file and worried about the impact this will have. But by February 2017, it was clear that his situation hadn't improved and I don't think it would have been fair, reasonable or proportionate for Barclays to continue ignoring Mr A's obvious and apparent difficulty, or the fact that the overdraft had become demonstrably unsustainable for him, indefinitely. So by this stage, I would have expected Barclays to have taken corrective action in the way that it did.

After all while withdrawing a facility and recording a default or other adverse information, might be viewed negatively by other lenders, it does offer the borrower certain protections in relation to the overdraft debt. And asking Barclays to remove the default, when Mr A didn't repay this debt in line with the initial arrangements, would arguably be counterproductive and not in Mr A's interests or that of any future lender.

So I'm satisfied it was fair and reasonable for Barclays to begin the process of taking corrective action in relation to Mr A's overdraft when it did in February 2017. As this is the case and Mr A didn't or wasn't able to take steps to repay what was owed, or reach a suitable arrangement to repay what was owed within a reasonable period of time, I'm satisfied that Barclays was entitled to withdraw Mr A's overdraft and record the adverse information it did.

Overall and having considered everything, I have not been persuaded to uphold Mr A's complaint. I appreciate that this will be very disappointing for Mr A. But I hope that he'll understand the reasons for my decision and at least feel that his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 23 March 2022.

Jeshen Narayanan
Ombudsman