

The complaint

Miss T complains about the management of her account with Barclays Bank UK PLC. Miss T includes in her various issues the removal of an overdraft in September 2021. And that she was never informed about that removal. Her complaint points include that she kept receiving calls from Barclays when she'd asked not to be contacted by telephone. And Miss T complains about the general handling of her complaint.

What happened

Miss T has made multiple complaints to Barclays and so defining the parameters of what this decision covers is important.

Starting with the most recent one – Miss T has written to the Barclays Executive and has received a formal final response letter (FRL) dated 25 February 2022. I think that this decision may answer all the issues Miss T has raised with the Executive Team. If it does then Miss T may decide not to take that further.

Miss T may have an outstanding complaint relating to Barclaycard. I have seen a reference to that and her complaint form requests a resolution in relation to that. I make it clear I have not addressed that as it likely covers a different account.

The main issue was a complaint raised by Miss T in September 2021 which was addressed in detail in Barclays' FRL dated 15 September 2021. That related to what Miss T considered to be unfair charges in relation to her overdraft on her account. Barclays did not agree that it had done wrong but having reviewed the account and the overdraft going back to 2018 then it offered to refund her some of the charges. I set out the details in that FRL here:

'The amount of overdraft charges incurred totalled £3,700.19, and this is the amount we're proposing to refund (plus accruing charges not yet debited).

In making this payment, we'll reduce your overdraft by £3,700.00 to £1,250.00.

Should you wish to accept this offer, please call us on 0800 282 390.

Whilst this will reduce your debit balance, it will not return your account into credit. I strongly recommend you speak to our Financial Assistance Team'

Miss T accepted that offer by telephone and this was confirmed in a letter to her dated 20 September 2021, part of which said:

'This letter is to confirm that £3,849.88 has been credited to your account. £3,700.19 in charges already debited, £133.51 which is due to debit on 8 October and £16.18 in charges that have accrued since 16 September.

This has reduced your overdrawn balance to £1,471.86, which would be in excess of any overdraft limit.

The letter issued by our Collections and Recoveries Team confirms we've restricted access to your account, as the balance remains in excess of any previously agreed limit.'

Since the September 2021 resolution Miss T complains that she has had all sorts of trouble, upset, inconvenience and some things, she says, have been incorrectly handled by Barclays. I have not set out all the details here as I don't think I need to. Both parties are aware of the chronology of events. I have reviewed all that's been sent to me.

Miss T has described the impact on her which has included additional late payment markers on her credit file plus she has faced the account being defaulted and that remaining on her credit file for six years. At the time I am writing this it may have been defaulted. I've no recent information on the status of the account.

Miss T commenced a new complaint with Barclays in November 2021 to cover a series of points which stemmed from the original September 2021 complaint, its outcome and the handling of her account since then. I do consider that this decision will cover most, if not all, those points.

Miss T referred her complaint to the Financial Ombudsman in November 2021 and in her complaint form has said this:

'I would like all charges and interest refunded on both barclays [sic] and Barclaycard account, along with suspension whilst I get back on my feet and my credit file updating to show no late payments and those removed as I previously asked for support prior to this occurring'

One of our adjudicators looked at the complaint and could see that a large part of the problem was that the overdraft Miss T had on her account was removed completely.

Our adjudicator discovered the factual reason for the removal of that overdraft and wrote to Miss T to say that Barclays was able to do this. He said that the account had exceeded its overdraft limit and no funds had been credited into the account since June 2021, and the £1,250 overdraft facility was removed and reduced to £10. He thought that the overdrafts reduction or removal was in-line with standard industry practice, and he also went on to explain that the Financial Ombudsman cannot tell Barclays as to who they should be lending to and so reinstatement of the overdraft facility looks unlikely.

Our adjudicator reminded Miss T that in accordance with the terms and conditions, overdrafts are payable on demand, which means Barclays can ask for it to be paid back in full, at any time.

A copy of the overdraft terms and conditions has been sent to us.

Miss T disagreed with our adjudicator and said that she wanted the ombudsman to review the whole thing from the beginning.

I did review the whole complaint from the beginning and on 28 March 2022 I issued a provisional decision giving both parties time to send me additional details and/or evidence if they wanted to and within the two week time frame I set.

That provisional decision and my findings are duplicated here for ease of reading. It is in smaller type to differentiate it from my final determination follows this.

The provisional decision dated 28 March 2022

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

Having read all the points raised by Miss T since September 2021, with Barclays and with the Financial Ombudsman, and having reviewed all of the letters and account notes Barclays has sent to us, succinctly I think that a mistake has taken place and I do think that some things need to be put right.

As I am not aware of, nor am I expected to know about, the Barclays internal departments, divisions, staff training and systems, then I am not able to be able to pinpoint exactly what went wrong. But I have noticed several details which cumulatively give me the picture of what I think has taken place.

And from Miss T's perspective as a Barclays customer I can understand why she feels that what should have happened has not happened. I explain here.

I make it clear now what I am not covering - I make no decision about a Barclaycard account. That will have to be addressed separately, if not already done so.

I make no decision about the original complaint about the charges on the overdraft as the offer to refund was accepted by Miss T and have been refunded.

Some of the documents sent to us by Barclays include the complaint investigation notes and there are some facts I have taken from those notes which have assisted me in coming to my provisional decision.

Miss T complained on 7 September 2021 and it seems that between 14 September 2021 and 21 September 2021 the complaint was dealt with, including the issue of the FRL and Miss T calling in to accept the offer in that FRL and the monies being paid to her. And most of the notes and correspondence at this time were by the same person and there was continuity there. Salient facts are:

- on 7 September 2021 an '*extra care indicator*' was added to Miss T's account due to some mental health issues she was experiencing. The marker was put on the account after obtaining Miss T's consent. From that I think Barclays knew she was a vulnerable customer. She was calling due to her arrears and so Barclays also knew she had financial concerns.
- the overdraft limit was £4,250 from 5 March 2018 to 23 March 2020. It was £4,950 from 23 March 2020 to the date of the complaint investigation (15 September 2021).
- based on Miss T's usage of the overdraft Barclays was content to refund fees charged for the overdraft back to March 2018 which amounted to £3,700.19 plus accruing charges.
- and notes dated 15 September 2021 say that another Barclays colleague had agreed with the complaint investigator on the approach that the overdraft would be reduced by the same amount as the refund. And the refund sums – including future charges – amounted to £3,849.88 which included charges due September and October 2021.
- A quote from the account notes includes: '*In line with our procedures we would reduce the customers o/d by the same amount, so from £4,950 to £1,250.*'

Then on 15 September 2021 the FRL was issued. Notes go on to show that around 10am on 20 September 2021, Miss T called to accept the FRL resolution.

I've been sent a copy letter dated 19 September 2021 to Miss T in which Barclays says

'At the time of writing, your account is £5321.74 DR overdrawn. This is more than any arranged overdraft limit you may have.'

As you haven't made a payment into your account to pay off the unauthorised borrowing since we last contacted you about this matter, we've restricted your access to the account.'

It listed several alterations made and one was that the overdraft had been removed.

These notes and that letter tells me that the overdraft was apparently reduced from £4,950 to £10 in one go, and not from £1,250 to £10 as our adjudicator has said.

Miss T would not have received this letter on 19 September 2021. It's likely that would have been received by her a few days later.

Then the times of the notes on 20 September 2021 become important. One time recorded note at 12:40, written by the internal Barclays complaint investigator who had been handling Miss T's complaint all along, says

'ovd was removed from account 9.30 on 20/9/21. I have not removed the ovd. I've added a note to say that if this is an error and ovd gets reapplied, it should only be reinstated to £1252.'

'ovd' seems to refer to 'overdraft'.

And in another separate set of notes for Miss T I have read:

'£3700.19 for ovd charges already debited, £133.51 in advance of fees due to debit 8 Oct 2021 and £16.18 in charges accruing up to today. My proposal was to reduce the cust ovd by £3700, but upon checking account today, this has been removed completely. If for any reason we do reapply ovd, this should be for no more than £1250.'

The notes also say that an 'ad-hoc' letter was issued on afternoon of 20 September 2021 to say that the payment had been made to the account and as the balance remained more than the overdraft, it had been removed.

Account entries sent to me by Barclays show this:

07/09/2021 BALANCE FORWARD						
Tue						£ 5,321.74 DR
20/09/2021	GOODWILL GESTURE	MSC	AS		£ 3,849.88	£ 1,471.86 DR
Mon	RTB CUST REL 0					
08/10/2021	INTEREST CHARGED	CHG	I/G	£ 133.51		£ 1,605.37 DR
Fri						

In the FRL from the Barclays Exec Customer Relations team dated 25 February 2022 Miss T was told '*...your overdraft facility has been removed independently of the complaint investigation and was as a result of your account falling into the collections process.*'

Recently Barclays has told us that the additional refund of £416 was only repaid into the account on 23 February 2022. I think that £416 would have made a material difference in September 2021 or even October 2021.

My view is that Miss T had told Barclays, and Barclays knew anyway that she was in financial difficulties. Miss T had informed Barclays about her mental health linked with the arrears and her concerns arising from the repayments to try to cover them, and it had added a vulnerable flag to her account.

Barclays knew from 7 September 2021 that Miss T had made a complaint and I have seen from the account notes that this was investigated on 15 September 2021, and the approach to take to resolve it was agreed by a colleague and the complaint investigator. Then an FRL was issued and Miss T accepted on the morning of the 20 September 2021.

And what I think is that the notes reveal that somewhere at almost the same time Miss T's overdraft was removed and that means it if was done independently of the complaint it reduced from £4,950 to

£10. That is a huge reduction and at a time when Miss T was in the middle of a complaints process, and a vulnerable consumer with financial difficulties known by Barclays.

Even if Barclays terms and conditions allow it to do that, considering all the other elements I have demonstrated that Barclays knew about between 7 and 15 September 2021 and certainly on the morning of 20 September 2021 then I think this was the wrong course of action.

Added to which, I have seen that the same Barclays complaint investigator indicated that he thinks this was a mistake and has noted that if the overdraft is reinstated it should be to £1,250 or £1,252. This gives me an insight into what the complaint handler thought and had planned would happen.

Miss T was in financial difficulties and by doing this – removing all her overdraft apart from £10 - I think it would have placed Miss T into further financial difficulties and I do not consider this to have been the correct approach. And I am not satisfied that this was the intended approach. I can apply my fair and reasonable remit, that within these circumstances surrounding the events with Miss T's account in September 2021, this seems to have been the wrong action for Barclays to take.

And Miss T's acceptance of the 15 September 2021 FRL seems to have been clear and Miss T's explanations and contact notes and emails with Barclays since then clearly demonstrate that was the intended plan.

Added to which – if the reason for the removal of the overdraft completely was due to lack of credits and funds for some time, the refund would have resolved that. Barclays was in the middle of offering a large refund to Miss T. And I accept Miss T's point that if the calculations had been correct first time round her outstanding balance likely would not have been over £1,600, but likely under the £1,250 overdraft she was expecting it to be reduced to. So, the £416 paid recently likely would have assisted her at that time.

It logically follows, that Barclays, had it got that right, would not then have been pursuing its vulnerable customer to the point at which the account was going to be – or may already have been – defaulted.

So, all this needs to be put right in my view. I am planning to uphold this part of Miss T's complaint.

And it follows that it is more likely than not the late payment marker for September 2021 would not have been added to Miss T's credit file as the refund would likely have registered as 'payment in'. I don't know enough about Miss T's other finances to know whether she would have been able to repay some or all of the balance from October 2015.

Having said that, I note that Miss T had the benefit of a third party charitable debt advice organisation before she complained and it seems that Miss T did submit an 'income and expenditure' (I&E) form to Barclays in August 2021. So, I do think that it was open to Miss T to obtain additional advice from that quarter. An example is that I have seen a letter sent to us by Miss T which was from Barclays dated 9 November 2021 to say that her account was overdrawn by £1,621.55 and it was very important for Miss T to contact them, failing which they would write to demand full payment.

I realise Miss T was in the middle of trying to get the September 2021 complaint reopened, but the reality is that to avoid additional issues arising I think it was open to Miss T to have contacted Barclays to do this. So, I think that she could have mitigated the situation with her own actions.

In relation to the part of her complaint where Miss T states that her understanding was that she should not be getting calls from them as the account should be 'on hold' during the complaint process – I have seen no evidence of this having been agreed between Miss T and Barclays. It may have been agreed on her Barclaycard but that's a different account.

I am planning not to uphold that part of Miss T's complaint.

I note that Miss T has complained about the fact she only wished to be contacted by email or letter but – she says – she continued to receive calls. I've looked at this carefully but I am planning not to uphold this part of the complaint. And I say this because throughout all the records I have seen sent

to me by Barclays I have noted that even the Barclays staff appear confused as to what Miss T's requirements and/or instructions were. Sometimes Barclays personnel have noted that Miss T had requested only to be contacted by email and other times its noted that she has asked for 'a call back' or had called in herself to talk about some aspect of either her account, the arrears or the complaint. Or Barclays has tried endlessly to call her to try to get to the bottom of things and she's not taken the calls.

So – I am not satisfied that this is an aspect of Miss T's complaint where I think Barclays has done something wrong. I am planning not to uphold this element of her complaint.

I am planning to direct that Barclays pays to Miss T a modest sum of £200 distress and inconvenience and I am planning to make it that figure as I think Miss T has been poorly treated as a vulnerable customer in financial difficulties.

Putting things right

I am planning to say to Barclays that the fair and reasonable outcome would be for it treat the account as if what Barclays said it was going to do in that 15 September 2021 FRL was done.

My starting point is that I think the decision taken to remove her overdraft should be notionally retracted. So – I think Barclays should:

- notionally retract the decision to remove the overdraft
- treat the account as if the full amount which ought to have been refunded at the time was £3,849.88 plus the recent £416 = £4,265.88
- notionally reduce whatever the overdraft sum was in September 2021 by that amount, which my calculations lead me to think it would be under the notional new overdraft limit of £1,250
- therefore, if that had been done in September 2021, no default would have been applied or due to have been applied. Any default needs to be removed
- the late payment marker for September 2021 should be removed from Miss T's credit file
- arrange a reasonable repayment schedule for Miss T to repay the rest owed to Barclays; and
- pay Miss T a money award of £200 for distress and inconvenience for the period 19 September 2021 to date. And this is to be paid directly to her and not into the account about which this complaint relates. It is a matter for Miss T whether she uses it for the overdraft reduction or otherwise.

I will review the complaint in two weeks on 11 April 2022.

This is the end of the duplicated part of the provisional decision. What follows is what I have decided now.

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.

How both parties have responded to the provisional decision.

Barclays replied to say that it agreed with the findings in my provisional decision as it accepts that the outcome is fair and reasonable. It said:

'We will be happy to pay the compensation to the customers preferred account, please provide crediting account details.'

'We will also make the recommended Credit Reference Agency adjustments by removing the default and the arrears for September.'

Barclays explained that a £100.00 each month pay-down arrangement for the remaining

balance was already in place with Miss T. So, it was saying that rather than reinstate the overdraft, Miss T would continue to repay the money owed at that same £100 each month.

We checked this last point with Miss T who has said she'd like that to remain in place.

Miss T had several responses to my provisional decision all of which I have considered but they do not alter my planned outcome. I summarise them here and add in my decision on these points having reviewed the complaint:

- Miss T says that she did try to contact Barclays from late September 2021 onwards. I note her points but my outcome remains the same on this.
- Barclays has agreed to do what I asked in my provisional decision which is to remove the September 2021 late payment marker and the default. Miss T wants her credit file to be 'cleared' from September 2021 but I do not agree with that. I think its fair and reasonable considering the reasoning I gave in my provisional decision (and which is repeated here) that removal of the September 2021 late payment marker is satisfactory.
- I note that Miss T says a Barclays representative told her the account was put on hold in November 2021 but I have no evidence of that. So, I make no additional finding on this.
- Miss T has raised the issue relating to the I&E forms Miss T says were sent – I have received no copies from either party of these. And Miss T is concerned that *'...if anything, I was put into further difficulty by removing the entire overdraft and asking for full payment'*

This was one of the elements I addressed in my provisional decision - that I felt it was wrong to reduce the overdraft from £4,950 to £10 in one action and the timing as to when it did this. Barclays has agreed with me and so the presence or otherwise of the I&Es do not take this point much further.

- Miss T wants additional compensation but having reviewed the complaint I think the £200 I proposed in my provisional decision is fair and reasonable. I do not alter that.

Having reviewed the complaint then I repeat my provisional decision findings here and I uphold Miss T's complaint in part along the same lines as I did in my provisional decision.

I set out below the revised ways for Barclays to put things right for Miss T.

Putting things right

I direct that the fair and reasonable outcome would be for Barclays treat the account as if what Barclays said it was going to do in that FRL dated 15 September 2021 was done.

My starting point is that I think the decision taken to remove her overdraft should be notionally retracted.

By that I do not necessarily mean that the overdraft should be reinstated. Barclays has explained recently that the outstanding sum owed by Miss T is being paid down at £100 a month by agreement and both parties are content for that to continue.

So, my final decision redress does not interfere with that payment arrangement. But what I have said below may mean that the amount Barclays says Miss T owes to it may alter. That

must be checked by Barclays.

In addition to the continuation of the payment arrangement, I think Barclays should:

- treat the account as if the full amount which ought to have been refunded at the time (September 2021) was £3,849.88 plus the recent £416 = £4,265.88; and
- notionally reduce whatever the overdraft sum was in September 2021 by that amount, which my calculations lead me to think it would be under £1,250; and
- therefore, if that had been done in September 2021, no default would have been applied or due to have been applied. Any default needs to be removed; and
- the late payment marker for September 2021 should be removed from Miss T's credit file; and
- pay Miss T a money award of £200 for distress and inconvenience for the period 19 September 2021 to date. And this is to be paid directly to her and not into the account about which this complaint relates. It is a matter for Miss T whether she uses it for the overdraft reduction or otherwise.

My final decision

I uphold Miss T's complaint in part and I direct that Barclays Bank UK PLC does as I have outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 9 May 2022.

Rachael Williams
Ombudsman