

## **The complaint**

Mr J complains that the changes Barclays Bank UK PLC (Barclays) made to its overdraft pricing structure were unfair. He says that:

- When Barclays moved to charge interest on a standard daily rate, customers with lower overdraft balances paid proportionally more than those with higher overdraft balances.
- This is unfair as it does not take into account the lower risk of someone with a smaller overdraft balance.

Mr J would like Barclays to put this right by:

- Repaying the charges and fees that he paid.
- Removing any negative entries on his credit file that relate to the period when his overdraft remained unpaid.
- Paying compensation for the time and effort, and the anguish, that this matter has caused, and the impact his credit poor credit file had had on his ability to get credit. He considers reasonable compensation for this to be up to £200,000.

## **What happened**

Mr J says he has been a customer of Barclays' since around 1999. He has had loan and current accounts with Barclays over this time. In this decision I'm only looking at Mr J's complaint about the overdraft charges applied from 16 May 2013 onwards. I've issued a separate jurisdiction decision about the complaint Mr J has made about the charges applied before this time.

Mr J complained to Barclays after it had changed its overdraft pricing structure, I understand this was in May 2019. He said this change was unfair. Barclays didn't uphold his complaint. And as Mr J didn't agree with this outcome he referred the complaint to this service.

When our adjudicator was gathering information about this complaint Barclays made an offer to settle it. It offered to refund all the fees and charges Mr J had paid on the overdraft between May 2013 and July 2019 when the overdraft was closed. This offer was put to Mr J but he didn't accept it. Mr J thinks the offer is not fair as it doesn't include interest on the compensation. So, the compensation is worth less now that it would have been when the charges were incurred.

Mr J's complaint was considered by one of our adjudicators. She thought that:

- She shouldn't consider Mr J's complaint about how Barclays had changed its overdraft pricing. This was a business decision it was entitled to make.
- From his overdraft usage it looked like Mr J may have been in financial difficulty. So, she agreed that the refund of overdraft fees and charges was fair.

- She didn't think it was fair to award any further compensation for any distress this may have caused Mr J or any interest on the refund of the overdraft fees and charges.

Mr J hasn't agreed so the case has been passed to me, an ombudsman, to make a 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.

Barclays will be familiar with all the rules, regulations and good industry practice we consider when looking at whether a bank treated a customer fairly and reasonably when applying overdraft charges.

Having carefully considered everything provided, I think that Barclays acted unfairly when it continued charging overdraft interest and associated fees. But I'm not making a further compensation award than the offer Barclays has already made.

Mr J has given an example of the overdraft charges he thinks are unfair. He says that these charges are £1.50 per day on an overdraft balance of around £2,000 and £3 per day on a balance of around £5,000. He thinks that this means that customers with lower overdraft balances pay a proportionately higher charge. And this is unfair as these customers pose a lower risk to Barclays.

I'll firstly explain that my role here is to look at individual complaints. And to decide if a business has acted fairly in respect of a person's individual circumstances. I won't look at the fairness of decision that affects all customers. This is the role of the industry regulator the Financial Conduct Authority (FCA).

And there are good reasons for this. In relation to Mr J's complaint, as outlined above, he's assessed the risk of some of Barclays customers based on the size of their borrowing. But assessing the risk of any individual customer is much more complex than this and assessing the risk of a customer base is more complex again. I don't have the information to be able to adequately do this.

And Barclays can, and should, make its own commercial decisions. And this is something I wouldn't normally consider. And it wouldn't be right for me to do this here.

Mr J has said that recent rules and guidance changes by the FCA means that earlier charges must have been incorrect. But this isn't necessarily the case. Rules and regulation changes are made to account for a number of factors over time. And it's generally unfair to retrospectively apply these. So, I won't do this here.

Overall, because of the above factors, I won't be upholding Mr J's complaint on the basis that it's been made.

Our adjudicator thought the use of the overdraft showed that Mr J was possibly in financial difficulty. And Barclays had already agreed to refund the overdraft fees and charges that were applied to the account between May 2013 to the closure of the overdraft in July 2019. Barclays hasn't admitted liability.

I haven't fully considered whether it was right for Barclays to individually apply these charges. This is because if I were to uphold this aspect of Mr J's complaint I would award the same as Barclays has already offered. So, I won't comment further, save to say I agree that

the fees and charges should be returned to Mr J, as Barclays has already said it will. I've put this in my putting things right section below.

And this is based on Mr J's individual circumstances. It is not because of any overall unfairness of Barclays' charges.

Mr J doesn't fully agree with this offer. He thinks he should be awarded a significant further amount for the distress and inconvenience this issue has caused him.

In order for me to make a distress and inconvenience award I must uphold Mr J's complaint about the issues he is complaining about. Whilst I think some compensation should be paid, I don't think his complaint should be upheld about the general fairness of the charges. And, so whilst I can see that Mr J has spent a lot of time on this, I don't think it would be right to award anything further than the refund of the charges he paid.

And I don't think that interest should be added to the charges that are being returned to Mr J. Mr J didn't clear his overdraft balance when the charges were added so he didn't actually pay them. So, this compensation effectively gives Mr J an interest free loan. And, if the fees and charges are refunded Mr J has had the benefit of borrowing money at the time free of charge. I think this is fair resolution to this complaint.

Mr J has asked for any negative entries on his credit file to be removed when he didn't repay the overdraft. But these entries were for non-payment of the whole facility, which would include the non-payment of the amounts he had borrowed, not just the fees and charges. Mr J had the use of this money but was unable to pay it back as agreed. So, I think it's fair that his credit report properly reflected this. And it's worth noting that Barclays is required to accurately report the payment history of any lending and it is reasonable that it takes action when credit has not been repaid as agreed.

Overall, I think Mr J's complaint should succeed in part. He should receive a refund of the fees and charges that he paid on his overdraft between May 2013 and July 2019. I don't uphold the other aspects of his complaint.

### **Putting things right**

Having thought about everything, I think that it would be fair and reasonable in all the circumstances of Mr J's complaint for Barclays to put things right by returning to Mr J all of the fees and charges he paid on his overdraft from 13 May 2013 to the closure of his overdraft in July 2019.

### **My final decision**

For the reasons I've explained, partly uphold Mr J's complaint. Barclays should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 24 March 2022.

Andy Burlinson  
**Ombudsman**