

The complaint

Mr Z complains that Barclays Bank UK PLC trading as Barclaycard hasn't paid an interest refund to him.

What happened

Mr Z says he received a letter from Barclaycard telling him that it had miscalculated interest and that he was due a refund. He says the refund was not paid direct to him but paid to a debt collection business that his debt had been sold to. Mr Z says the letter about the refund arrived late and didn't give him chance to dispute it. He says the payment should have been made direct to him.

Barclaycard says it carried out a review of Mr Z's account and refunded him interest. It says it also paid 8% simple interest on the refund which came in total to £486.79. Barclaycard says Mr Z's account defaulted some years before with a balance over £5,000 and says it correctly deducted the payment from that amount.

Mr Z brought his complaint to us and our investigator didn't uphold it. The investigator thought Barclaycard acted fairly by sending the refund to the business that now owned the debt. The investigator didn't think Mr Z had ever paid that amount as the account defaulted with a large balance.

Mr Z doesn't accept that view and maintains Barclaycard paid the debt collection business before it said it had and before he was given a chance to oppose the payment. Mr Z also questions if the account ought to have defaulted and says he should be paid compensation for the stress this issue has caused him. And questions what would have happened if the mistake hadn't been noticed.

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.

Having done so I have come to the overall view that I don't uphold this complaint. I don't intend to comment on the compensation paid to Mr Z about the customer service issue as it's clear that is not his complaint here or that he has asked for a decision on that.

There is no question here that Barclaycard made a mistake in calculating the interest owed by Mr Z. But I'm satisfied that Barclaycard has apologised for what took place and has fairly refunded the interest as well as paying interest on the refund. I'm also satisfied that Mr Z didn't pay the interest as his account defaulted with a significant balance of over £5,000. And it's clear that Mr Z still owes the business that bought the Barclaycard debt a significant amount. So, I don't think Barclaycard made a mistake or acted unfairly by sending the refund to that business and not Mr Z. I think the business that bought the debt would have effectively overpaid for it and it fair and reasonable that the refund be deducted from the amount owed by Mr Z.

I appreciate Mr Z questions why the account defaulted. But that is not something that Barclaycard has considered as part of this complaint and it is not something Mr Z originally complained about. So, it follows that I can't fairly comment on that issue.

I also appreciate Mr Z questions the sending date of the refund letter to him. I don't think it makes any difference and make clear to Mr Z that it doesn't affect this outcome. If I thought, there was a mistake then I could order the money be refunded to him regardless of when the letter was sent or when the money was received by the other business.

Mr Z questions what would have happened if the mistake hadn't been noticed. I can only comment on what did happen, that Barclaycard realised there was a mistake and fairly reduced the amount Mr Z owed. I don't think Mr Z was caused any stress or inconvenience by what took place, as he was completely unaware that there was a mistake in the interest calculation.

Overall, I'm satisfied Barclaycard acted fairly by reducing the amount Mr Z owes and was not obliged to pay any refund direct to Mr Z in these circumstances.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 5 July 2022.

David Singh
Ombudsman