

## The complaint

Mr C has complained that Barclays Bank UK PLC (“Barclays”) did not undertake proper affordability checks when providing him with overdraft facilities which have caused him extreme financial hardship.

## What happened

Mr C held two bank accounts with Barclays with overdraft facilities and limits at their highest of £5,900 (account ending 6395) and £3,400 (account ending 3635). Both accounts were closed and sent to recoveries account 6395 on 30 April 2021 with an outstanding balance of £6,385.21 and account 3635 on 8 September 2020 with an outstanding balance of £3,649.90.

Mr C complained to Barclays that the lending was irresponsible and requested a refund of all charges and interest on both accounts. Mr C offered Barclays £1,003.51 in full and final settlement of his complaint and requested all adverse data was removed from his credit file.

Barclays said all charges were applied to Mr C’s accounts in line with the terms and conditions of the accounts but offered Mr C two options to settle his complaint.

### Option one

- A full refund of the interest and charges applied to both accounts, covering the previous six years (combined refund total of £5,831.58). This offer would mean Mr C would still have outstanding balances for each account that he would need to repay.
- Refund of charges on the account ending 6395, from September 2015 to April 2021, a total of £4,007.58, leaving a balance of £2,377.63.
- Refund of charges on the account ending 3635, from April 2016 to September 2020, a total of £1,824.00 leaving a balance of £1,825.90.
- Mr C would need to contact Barclays Recoveries department to discuss the outstanding balances and repayment options available to him (combined outstanding balances would be £4,203.53).

### Option two

- Barclays would accept a settlement figure of £3,101.54 (70% discount of the outstanding debt in-line with what was offered by a debt collection agency)
- This amount would have to be paid in full and did not include a repayment option.

Mr C did not wish to accept either option but offered to settle the debts with a 70% reduction and a repayment plan to which Barclays declined.

One of our adjudicators looked at this complaint and thought that Mr C wouldn’t have been able to agree option two above, as he was not in a position to make the requested lump sum. But they thought option one was a fair way to settle the complaint.

Mr C disagreed. He wants to be compensated for the sustained and extreme distress due to Barclays conduct during a time when he had a family bereavement and lost his family home. Mr C wants Barclays to clear the balance of his debt with it and remove adverse information from his credit files. Alternatively, he has asked for 12 months breathing space regarding any repayments and has asked for an ombudsman's 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.

I hope that Mr C won't take it as a discourtesy that I've condensed his complaint in the way that I have. Ours is an informal dispute resolution service and I've concentrated on what I consider to be the crux of the matter. Our rules allow me to do that.

Having carefully considered everything, I think that what Barclays has already agreed to do to put things right for Mr C is fair and reasonable in all the circumstances of his complaint. I'll explain why I think this is the case.

It might help for me to start by explaining that where a business accepts (or we decide) it did something wrong, we'd expect the business to put the consumer in the position they would be in if that wrong hadn't taken place. And in an ideal world, we'd tell a business to put a consumer in the position they'd now be in if they hadn't been given the credit they shouldn't have.

So where a business increases or continued to allow a consumer to use a credit facility which it should have realised was unsustainable, we'd typically expect it to put the consumer in the position they'd be in now if they hadn't paid any further interest and charges on that credit. This means we'd normally expect a lender to refund the interest and charges added to any credit from the point the lender ought to have realised it was unsustainable. And if those interest and charges were paid also add 8% simple interest per year.

In this case, Mr C is left with an outstanding balance, once all adjustments have been made, and he's been 'refunded' all of the interest, fees and charges caused by the overdraft facilities. So while Mr C has been left with a balance and he might be unhappy with this, Barclays has done what I'd normally expect it to do here.

That said, we do look at each case individually and on its own particular merits. And while we have a general approach to how we might tell a lender to put things right where it continued to provide credit it shouldn't have (such as here), we can and will tell it to do something different or something more if there's a strong reason to say that's what would be fair and reasonable to do in the circumstances of that individual case.

Mr C says Barclays should do something different here. He says the irresponsible lending and charges created additional pressure on his finances during the pandemic which led to among other things his landlord serving notice on him to vacate the family home.

I've thought about what Mr C has said. And what he's said is a reason for upholding his complaint rather than a reason for departing from our normal approach to putting things right in cases such as his. All the interest, fees and charges Barclays shouldn't have added will be removed from what he now needs to pay. So what Mr C will be left with to repay are the funds which he used and benefitted from.

And while I sympathise with Mr C in that he has been through a lot, I haven't seen enough to persuade me that the loss of his family accommodation and costs incurred as a result of that are a direct result of Barclay's decision to provide the overdraft lending it did. Indeed, I can see from Mr C's bank statements in particular regarding account ending 6395 that he was able to successfully manage his overdraft at the highest limit of £5,900 for a number of years and often saw a credit balance until around 2019.

So, in these circumstances, and bearing in mind Mr C spent them, I think it's perfectly fair and reasonable to expect Mr C to repay these funds. And I don't think that Mr C's unhappiness at having a balance to repay on his overdrafts, even after his complaint has been upheld, is in itself a compelling reason for me to depart from our usual approach here.

I also understand that Mr C would like Barclays to remove any adverse information it reported on his credit file. But Barclays does have a duty to make sure the information it reports on its customers affairs to the credit reference agencies it subscribes to is factually accurate – so providing this is the case I can't ask Barclays to amend this information.

Bearing in mind all of this, I'm satisfied that what Barclays has already agreed to do to put things right for Mr C is fair and reasonable in all the circumstances of his case and I'm not requiring it to do anything more. As this is the case, it's up to Mr C to decide whether he wishes to accept Barclays' offer.

### **My final decision**

For the reasons I've explained, I'm satisfied that what Barclays Bank UK PLC has already agreed to do to put things right for Mr C is fair and reasonable in the circumstances of his case. So I'm not requiring it to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 2 November 2022.

Caroline Davies  
**Ombudsman**