

The complaint

Mr H and Miss T complain that Barclays Bank UK PLC failed to cancel duplicate payments for their council tax and water bills. They say this caused them to incur extra Barclays account charges, it damaged their credit score, and it caused them distress and inconvenience.

Mr H has conducted most of the correspondence, so for ease of reference I'll refer just to Mr H for the rest of this decision, with no discourtesy intended towards Miss T.

What happened

In January 2021 Mr H visited his local Barclays branch when he became aware, on checking his bank statements, that he'd been overpaying his council tax and water bills.

The relevant council and water company refunded Mr H's overpayments in January 2021; and Barclays paid Mr H £68.10 to cover any extra account charges incurred, and it offered Mr H a further £250 for distress and inconvenience. Remaining unhappy, Mr H referred his complaint about Barclays to this service. As our investigator couldn't resolve things informally, the case has been passed to me for a decision.

I issued my provisional decision on 30 November 2022 explaining what I was minded to conclude and direct, and why. Barclays told us on 7 December 2022 that it accepts my provisional decision; and Mr H explained to us in an email dated 13 December 2022 why he remains unhappy.

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 – and I'd like to reassure Mr H that I've done so very carefully – I've reached the same conclusions as in my provisional decision, and for the same reasons. That is, I've decided to uphold this complaint in part. I've explained my reasons again below, with additional comment where appropriate to address Mr H's response to my provisional decision. I'd like to reassure Mr H, given his response to my provisional decision, that no discourtesy is intended whatsoever by my decision to partly uphold his complaint. I acknowledge and sympathise with the difficult time he has been experiencing.

Water bill overpayments

Mr H's overpayments to his water bill started in July 2019 and amounted to £801.60, which the water company refunded to Mr H in January 2021.

Between July 2019 and around January 2021, Mr H had two monthly payments going out for his water bill: a pre-existing standing order for £55, and a direct debit, which was set up in July 2019, for £45.20. The overpayment of £801.60, identified and refunded in January

2021, amounts to £44.53 per month if spread over the 18 months from July 2019 to December 2020.

Mr H says that when he sets up any new standing order or direct debit, he always does so in branch. However, whilst Mr H believes that when the new direct debit for his water company was set up in July 2019 he would have asked Barclays to cancel the existing standing order to avoid overpayments, I haven't seen any documentary evidence supporting this. I wouldn't necessarily always expect to. But here, Barclays has reasonably explained that when the new direct debit was set up in July 2019 the mandate was held by the water company and Barclays had no material dealings with it. So whilst I acknowledge Mr H's feelings on things, it appears that he wouldn't have needed to have attended branch in order for the water company to set up the new direct debit, and that Mr H could easily have overlooked the overpayments at the time in July 2019 (which he indeed then did until around December 2020), thereby not querying them with Barclays until January 2021. So, on balance, I'm not sufficiently persuaded that it's most likely Mr H requested the pre-existing standing order be cancelled until he discovered things and went into branch in January 2021.

Mr H has questioned why Barclays didn't nonetheless spot the overpayments for his water bills as possible fraud. However, these payments were in favour of a recognised utilities company. I don't think there was anything unusual about them from a fraud or scams perspective from which I could reasonably say Barclays ought to have been concerned from a fraud perspective. So, I'm not satisfied it would be fair to hold Barclays responsible for the water bill overpayments (or consequences thereof) Mr H was promptly refunded in January 2021 when he realised he'd made them.

Council tax overpayments

Mr H's overpayments for council tax started in June 2020 and amounted to £1,616, which the council refunded to Mr H in January 2021.

Between June 2020 and around January 2021, Mr H had two monthly payments going out for his council tax: a pre-existing standing order for £202, and a second standing order, which was set up in June 2020, for £210. The overpayment of £1,616, identified and refunded in January 2021, amounts to £202 per month if spread over the eight months from June 2020 to January 2021.

Mr H says that when he sets up any new standing order or direct debit, he always does so in branch. And it's my understanding from the available information that Mr H most likely would have set up the new council tax standing order in June 2020 by attending branch. Mr H says he would have asked Barclays to cancel the pre-existing standing order at the time, and this would make sense to avoid overpayments. I've not seen documentary evidence supporting this. But, as I've said, I wouldn't necessarily always expect to. If Barclays had recorded Mr H's request to cancel his pre-existing standing order for his council tax (which it didn't), we might reasonably expect it to have actioned it. So I don't find it surprising, in circumstances like this, where Mr H says he asked Barclays to cancel it and it didn't, for there to be no documentary evidence or internal Barclays note supporting this.

On the other hand, I would reasonably expect Mr H to have noticed the monthly council tax overpayments sooner than he did. Mr H has said it's not his fault Barclays didn't cancel the relevant instruction, that he would never expect to have to check it had done what he asked it to, and that he shouldn't have to "pay for" Barclays' mistakes. However, it's not unreasonable for account holders to be expected to check their account to identify errors and report these as promptly to the bank as reasonably possible. And given Mr H's financial

situation as he's described it between June 2020 and January 2021, I don't think it's unreasonable to say this about a monthly overpayment of such a significant amount (£202).

So I think – in respect of the extra account charges incurred as a result of the payments, since the overpayments were already refunded to Mr H in January 2021 – that Barclays and Mr H ought to carry joint responsibility, in view of what I've said above and in view of the uncertainty around exactly what happened. In other words, Barclays should be responsible for 50% of the extra charges Mr H's incurred on his Barclays account as a result of the council tax overpayments.

Since Barclays has not been forthcoming providing full details (even if reconstructed) around these charges, there is a reasonable need for me to set out the precise amounts here, to resolve one of Mr H's main complaint points which is about the amount of these charges.

Mr H's Barclays account statements show that between June 2020 and January 2021 (when the relevant council refunded his overpayments) the yearly overdraft interest rate applying to his account was 29.930% for an overdraft balance between £16 and £2,320; and zero percent for any balance outside this range. The interest was charged monthly. On this basis, and looking at the account statements, I think it's reasonable to conclude that the extra interest Mr H incurred each month on each £202 overpayment carried a monthly interest charge of 2.49% (which is the yearly 29.930% divided by 12 months).

Mr H and Barclays will see that from my enclosed calculations, I have, on this basis, calculated that Mr H incurred extra overdraft interest of £192 as a result of his council tax overpayments. Mr H has said in his response to my provisional decision that the interest charged in January and February 2021, whilst he was waiting for the overpayments to be reimbursed to his account, don't appear in the calculations. But I don't agree, and I still think this calculation is fair. The calculations do include the interest I think Mr H would have been charged on each £202 overpayment from June 2020 to January 2021 up until February 2021, even though Mr H was refunded the overpayments in January 2021.

For the reasons I've said, Barclays should be responsible for 50% of this, which is £96. Barclays, however, has already paid Mr H £68.10 in this regard in January 2021. So, to make up the difference, Barclays should pay Mr H £27.90 (that's £96 less £68.10), plus interest calculated at 8% simple from 1 February 2021 to the date of settlement.

I understand Mr H is likely to be disappointed by this. But not all of the account charges he incurred were as a result of the council tax overpayments. And for the reasons I've explained, I'm satisfied this is fair. I haven't, for the reasons I've explained, found that Barclays should reasonably be held responsible for any extra account charges incurred as a result of the water bill overpayments – but just half of those incurred as a result of the council tax overpayments.

Borrowing ability and distress and inconvenience

Mr H has referenced a request he made in December 2020 to increase his unsecured borrowing, and he thinks the overpayments he made have adversely affected him in this regard. And in his response to my provisional decision Mr H has reiterated that he thinks a false banking history created by Barclays impacted him getting an additional loan with Barclays and that it should be corrected. However, I've reached the same conclusions on this as in my provisional decision. Lending, and whether to extend lending, is ultimately a commercial decision for a lender to make. I've already explained why I'm not persuaded Barclays is responsible for the water bill overpayments. Also, I haven't seen any persuasive evidence that Mr H's ability to borrow (or his credit score) was impacted by the council tax overpayments, as distinct from Barclays' general approach to lending at the time. And as I've

said, I don't think it's fair to say Barclays is wholly responsible for any impact from the council tax overpayments anyway. So I'm not persuaded it's warranted here for Barclays to be directed to alter any records.

In terms of distress and inconvenience, I think this would have been a distressing time for Mr H anyway, given what he's described. I don't think Barclays' actions can reasonably be said to be entirely responsible for this. However, I agree with Mr H that Barclays could and should have dealt with matters much better – in particular, in my opinion, from February 2021. It has repeatedly been asked for details of its £68.10 calculation (by Mr H and this service) and repeatedly failed to provide them, not even a reconstructed account of how they might have been calculated. So, to reflect that Barclays has, in my opinion, exacerbated an already distressing period for Mr H, Barclays should pay Mr H £300 for distress and inconvenience (and not the £250 Barclays has previously offered).

My final decision

For the reasons I've explained, I uphold this complaint in part, and I direct Barclays Bank UK PLC to pay Mr H and Miss T:

- £27.90, plus interest calculated at 8% simple per year from 1 February 2021 to the date of settlement. If Barclays deducts tax from the interest element of this, it should provide Mr H and Miss T with the appropriate tax deduction certificate; and
- £300 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Miss T to accept or reject my decision before 12 January 2023.

Neil Bridge
Ombudsman