

The complaint

Mr G complains that Barclays Bank UK PLC made the decision to remove his overdraft without prior discussion.

What happened

Mr G, a long-standing customer of Barclays, has had an overdraft limit of £1,000 since opening the account in the early 80's.

In May 2022, following a review of his account, Barclays wrote to Mr G to say it had made the decision to remove his overdraft at the end of June 2022. The letter outlined Mr G could contact Barclays if he wanted to keep the overdraft and if he thought Barclays had used outdated information to make its decision.

Unhappy with the Barclays' proposed actions and because it had failed to discuss the matter before reaching a conclusion, Mr G complained.

Barclays didn't uphold the complaint. It noted Mr G's disappointment that it had made a decision without prior communication, but it said that it had given Mr G seven weeks' notice to act. It went on to explain that it had an obligation (set by the regulator, the Financial Conduct Authority or 'FCA') to be a responsible lender. This meant reviewing customers' overdraft facilities to ensure they were affordable. Barclays clarified it had considered Mr G's lack of usage of the facility for the previous 12 months before reaching the decision that his overdraft had been set too high. It did however, again highlight that given the length of time Mr G had been with the bank, it was likely the data it had for him was out of date so it invited him to provide updated information should Mr G want Barclays to re-review its decision.

Still unhappy with the situation, Mr G referred the matter to this service. Our investigator considered the complaint, but he didn't recommend it be upheld. The investigator quoted the terms and conditions of the account which showed the overdraft wasn't fixed. He also noted Barclays had provided more than the 30 days' notice required and found that it had provided Mr G a reasonable opportunity to appeal the decision.

As Mr G disagreed, he asked for an ombudsman to review his complaint. So, the case has been passed to me to decide.

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.

The crux of Mr G's complaint is Barclays' decision to withdraw the overdraft facility. I acknowledge Mr G's frustration - he had been a long standing customer and the facility had been in place since the account had been opened - so I recognise why he didn't expect Barclays to take this action without speaking to him first.

Ultimately though, the pre-existing relationship – however healthy – doesn't mean that Barclays ought to have handled this matter any differently. I say this because the bank has a number of regulatory obligations to fulfil including whether its lending limits remained appropriate. Given the information Barclays has shared, I'm still satisfied that it was fairly seeking to discharge those regulatory obligations in the actions it took here.

I have also thought about the notification of the bank's decision to withdraw the facility. Barclays sent Mr G a letter on 6 May 2022. That provided Mr G with around seven weeks' notice, so I'm satisfied this provided Mr G sufficient opportunity to take action given the bank's usual notice period of 30 days.

In addition, the letter made particular mention about the lack of up to date financial information it held. It invited Mr G to respond but as he didn't reply to the 6 May 2022 letter or the further two that followed, the overdraft was withdrawn. Like the investigator, I'm satisfied that Barclays did nothing wrong when it chose to withdraw facility. The decision was a legitimate exercise of the bank's commercial judgment. And although I recognise Mr G's strength of feeling, this does not mean that the bank cannot review and, if it chooses to, withdraw the arrangement it has with a customer.

In summary, Barclays was not obliged to provide the overdraft facility so, whilst Mr G believes that he wasn't treated fairly, I'm satisfied that Barclays has not acted unfairly or unreasonably.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 28 February 2023.

Farzana Miah
Ombudsman