

The complaint

Mr L complains that Barclays Bank UK PLC unfairly removed his overdraft facility.

What happened

Mr L says he has been a Barclays customer for some years and had an overdraft facility on his account. He says Barclays removed the facility unfairly and without any discussions with him about the decision. Mr L says it's not clear why the facility was removed and says he has been caused distress as a result. He also says Barclays didn't communicate appropriately with him after the decision and didn't handle his complaint as it should have. Mr L would like compensation and the facility reinstated.

Barclays said it wrote to Mr L on 8 July 2022 telling him it was removing the overdraft facility as it's entitled to do in line with account terms and conditions. It agrees it didn't handle the complaint appropriately and didn't follow the correct process after the decision was made but says its original decision was correct. Barclays offered £50 compensation for the poor service.

Mr L brought his complaint to us, and our investigator upheld the complaint in part. The investigator thought Barclays must have carried out a new application for an overdraft facility that Mr L may not have consented to. The investigator didn't think Barclays had handled parts of the complaint appropriately and recommended it pay £100 compensation and remove any search records from Mr L's credit file.

Barclays has agreed to pay that amount but says there was no search carried out.

Mr L doesn't accept that view and in summary says there has been no consideration of his good account management and no correspondence with him before the letter telling him the facility was being removed. He says he has not been given copies of internal documents about him and suggests it would be fraud to make a new application without his consent. He also says the compensation isn't enough but accepts he doesn't appear to have used the overdraft facility.

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 Barclays has paid a fair and reasonable compensation amount and I don't require it to do anything further in the circumstances of this complaint. I appreciate Mr L will be disappointed by my decision and about how strongly he feels about what took place.

I hope it helps Mr L to understand our role here. We are not a consumer champion or Barclays regulator. We look at complaints independently of either side to a complaint. So, I can't direct that Barclays change its policy for example on overdrafts or order it consider how long Mr L has been its customer.

The starting point for changes to an agreement is the account terms and conditions which I think Mr L would have agreed to when the account was first opened. I have looked at Barclays terms and conditions for bank accounts and overdrafts online. I can see those terms and conditions make clear that an overdraft is not a right and can be reduced or removed by providing a customer with 30 days' notice. I can see that Barclays wrote to Mr L on 8 July 2022 telling him his overdraft facility of £370 was being removed on 26 August 2022 which is more than the required 30 days' notice.

So, I'm satisfied Barclays didn't make a mistake or act unfairly and acted in line with agreed account terms and conditions. I'm also satisfied it's up to Barclays to decide if it lends money, as an overdraft is lending, when it exercises its commercial judgement. Mr L doesn't have an automatic right to such a facility, and I don't think it matters how long he has been a customer for. I also doesn't think Barclays is obliged to speak to Mr L as he suggests in advance of such a decision.

I have looked carefully at Mr L's account statements, and I don't think he has used his overdraft facility in any event or that he has even come close to using it. I appreciate circumstances can change but there appears little evidence of that likelihood here. And of course, it's open to Mr L to apply for such a facility if his circumstances do change.

There is no question here that Barclays didn't deal with Mr L as it ought to have after the decision was made. The investigator has explained that we can't consider how complaints are handled as that is not a regulated matter. But Barclays accepts it made mistakes and has paid £100 compensation which I think is fair and reasonable for those parts of the complaint it relates to. I accept that is not the main part of the complaint and don't think whatever took place justifies further compensation. I don't think it clear if Mr L reapplied for the overdraft facility or if Barclays did but don't think it matters as Mr L clearly wanted his overdraft reinstated and so there would have had to be an application at some point.

I appreciate Mr L suggests there may be documents in Barclays possession that may be relevant and questions if there was a fraud. I am satisfied, as I have made clear, Barclays is entitled to remove an overdraft facility as it has done here by giving appropriate notice. I find that is the main issue and so it follows I can't fairly order Barclays reinstate that facility. I also find that this now brings an end to what we in trying to resolve this dispute informally can do. I can't see that any documents that Barclays may have are likely to have any relevance to the decision to remove an overdraft and I don't think Mr L has explained what documents he believes are in Barclays possession or what relevance they may have.

Putting things right

Barclays has paid the £100 compensation which Mr L initially agreed to and so I don't require it to do anything further in the circumstances of this complaint.

My final decision

My final decision is that I uphold this complaint in part but find Barclays Bank UK PLC has made a fair and reasonable compensation offer which has been paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 25 September 2023.

David Singh
Ombudsman