

The complaint

M, a limited company complains about the way that Barclays Bank UK PLC handled its business bank account.

M is represented in its complaint by a director of M, Mr B.

What happened

Mr B says he has been trying to negotiate the repayment of M's overdraft since March 2023. Mr B is trying to close down M and is unhappy that interest continues to accrue on the overdraft balance. Mr B is also unhappy with the way that Barclays treated him saying it has put unnecessary strain on his mental health.

Mr B wants Barclays to arrange a repayment plan based on the overdraft as it stood on 20 March 2023. He also wants Barclays to compensate him for the inconvenience and mental strain caused by trying to block his attempts to resolve things in a fair way.

Before coming to the Financial Ombudsman, Barclays apologised to Mr B for any distress caused during his call on 20 March 2023. Barclays paid £50 to apologise and raised a second complaint about its failure to call Mr B about M's overdraft as promised.

Barclays responded to M's second complaint about the failure to call Mr B. It agreed that a call handler told Mr B that someone would contact him around the time of the expiry of M's overdraft to discuss repayment. As Barclays did not call Mr B as agreed, it offered £100 compensation. However, Barclays said that it had sent M several letters about M's overdraft and noted that this was Mr B's preferred method of contact.

Our investigator didn't uphold Mr B's complaint. He didn't think Barclays made a mistake when it would not set up a repayment plan on 20 March 2023 as M's overdraft had not been removed at this point.

Our investigator didn't think Barclays was wrong not to set up the repayment plan on subsequent occasions as Mr B would only agree to the plan being set up for the balance as it stood on 20 March 2023. As Barclays would not agree to this, no formal repayment plan was set up.

Our investigator pointed out that Mr B could have paid money into M's account to reduce the overdraft at any time. He thought Barclays applied interest in line with the terms of M's account and that it kept Mr B informed about the interest accruing on the overdraft.

Our investigator thought Barclays compensation payment and offer totalling £150 was enough to apologise for the poor service it had given to M.

Mr B disagrees with the investigation outcome. He says Barclays never made it clear to him that he could keep making payments. Mr B thinks Barclays did everything it could to avoid setting up a repayment agreement. Mr B says that in December 2023, Barclays told him to wait for the complaint to be resolved before following up. He thinks this shows a deliberate

ploy to deal slowly with complaints for Barclays' advantage.

After Mr B raised further concerns about Barclays' actions – our investigator explained that we could not consider more recent matters as Barclays would need to have the chance to respond first.

Our investigator explained to Mr B that the ombudsman would consider M's complaint as it relates to:

- Barclays not setting up a payment plan for the outstanding balance as on 20 March 2023
- Barclays using its complaints process to delay repayment so that it would benefit financially from further interest
- The service M received during the call on 20 March 2023; and
- Barclays failure to contact Mr B by phone about the repayment plan after M's overdraft expired

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 appreciate that I have summarised this complaint in less detail than the parties and I have done so using my own words. The rules that govern our service allow me to do so. But this does not mean I have not considered everything the parties have given to us.

I should also say that the complainant is limited company M, which is its own legal entity. This means I can't consider the stress that Mr B has felt personally. I can only consider the impact that any mistake or unfairness may have had on M.

I don't consider Barclays was wrong not to set up a formal repayment plan during the call on 20 March 2023. At this point, Barclays had not removed M's overdraft. I accept that it wasn't possible to set a plan up until the overdraft was removed. So, I don't consider Barclays was trying to delay things to earn interest on the overdraft balance.

Although Mr B says Barclays didn't tell him that he could continue to deposit money into M's account to reduce the overdraft balance, I don't agree. Barclays wrote to Mr B on 20 March 2023 to say that although it could not formalise a repayment plan until M's overdraft was removed, he could "still make payments towards the overdrawn balance from today and in the future, prior to any arrangement being put in place". The letter also suggests that Barclays discussed the fact that Mr B could make payments towards M's overdrawn balance during the call on 20 March 2023. So, I'm not persuaded that Barclays failed to tell Mr B that he could take steps to reduce the balance pending a formal arrangement.

I agree that Barclays failed to call Mr B once it had removed M's overdraft. However, Barclays wrote to M on 17 April 2023 to say that the account was overdrawn and that the overdraft limit was £0. The same letter invited M to make a payment to bring the account within the agreed limit. And if this wasn't possible, Barclays asked Mr B to call to discuss ways it could help.

Barclays continued to write to Mr B reminding him about M's overdraft. According to Barclays records, Mr B called at the end of July 2023 to discuss setting up a repayment plan.

However, the notes indicate that Mr B only wanted to set the plan up on the balance on 20 March 2023 without the additional interest that had accrued. As Barclays had written to Mr B about the interest accruing on M's account, I don't consider it unreasonable to want to set the payment plan up on the current balance rather than the balance on 20 March 2023. As Mr B would not agree to this, a repayment plan was not put in place. I don't find this was due to a mistake by Barclays.

Throughout this time, I think it was reasonable for Mr B to have been aware that he could continue to pay funds into M's account. As I've said above – Barclays had already told Mr B that he could make payments pending a formal repayment plan being put in place. I'm not persuaded that Barclays deliberately dragged out the complaints process to delay repayment and receive more interest on the balance.

Barclays agrees that its' customer service levels fell below what Mr B could have expected during the call on 20 March 2023. For this Barclays paid £50. I consider this was a fair way to put things right. Barclays also agrees that it failed to call Mr B as promised once M's overdraft had been removed. I can see this was inconvenient but I also take account of the fact that Barclays wrote to Mr B in April 2023. So, it wasn't a case where the lack of a call meant that Mr B was unaware that M's overdraft had been removed. I think Barclays offer to pay M £100 to apologise for the oversight is reasonable.

Apart from the two customer service failings, I'm not persuaded that Barclays has treated M unfairly. For this reason, I don't uphold M's complaint.

As our investigator has told Mr B, he will first need to raise his concerns with Barclays about its' handling of M's account since Barclays sent its final response at the end of July 2023 before coming back to us if he needs further help.

My final decision

Barclays has already made an offer which I think is fair. If it hasn't already done so, Barclays Bank UK PLC should pay M £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 3 April 2024.

Gemma Bowen
Ombudsman