

The complaint

Miss F complains that Barclays Bank UK PLC closed her account when it went into an unauthorised overdraft as a result of transactions she didn't authorise.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Miss F was overseas from November 2022 to June 2023 during which time she didn't return to the UK. Before travelling overseas, she attended her Barclays branch to tell them she would be out of the country for six months and to ask whether she could use her bank card while she was away.

In December 2022 and January 2023 there were transactions on the account which took it into an unarranged overdraft. On 20 January 2023 and 31 January 2023, Barclays sent letters to Miss F's home address informing her the account was £930.03 overdrawn and that she would need to make a payment into the account to bring it back within any arranged overdraft limit. It also sent a letter dated 24 January 2023 stating that if she didn't settle the balance on the account, the overdraft would be terminated with effect from 7 February 2023, and that it intended to register details of the account with the credit reference agencies.

Miss F didn't contact Barclays until she returned to the UK, by which time the account had been closed and the details have been registered with the credit reference agencies. She complained to Barclays, stating the transactions which had put the account into overdraft were fraudulent.

Barclays explained the transactions were debits from a merchant dispute Miss F had raised in September 2022. When it didn't receive a response to its request for information, it removed the pre-credit it had given to her when the dispute was raised. It said she hadn't been charged any overdraft fees, the notice to close the account was correct and any debit balance would still need to be paid back.

Miss F wasn't satisfied and so she complained to this service. She said was a victim of fraud in September 2022 and as she was told not to replace her bank card, she thinks the card details could have been shared with anyone. She was overseas from 25 June 2022 to 13 June 2023 and only used her card for a few online transactions. She learned about the overdraft in January 2023, but she didn't return to the UK until June 2023.

Barclays explained that Miss F was told the refunds were temporary while the investigations were ongoing and that if it didn't receive a response it would assume she accepted the documents and the claim would be concluded. It said Miss F was sent letters concerning the overdraft/account closure, but it was unable to evidence that she'd accessed the letters online.

Our investigator didn't think the complaint should be upheld. She was satisfied the disputed transactions were re-debits of the amounts Miss F had disputed in September 2022, so they

weren't fraudulent. She was also satisfied that Barclays had told Miss F the credits applied to her account on 30 September 2022 were temporary and that it had forwarded the evidence it had received from the merchants on 31 October 2022 and 7 November 2022. The letters confirmed she should contact Barclays within ten days if she didn't agree with what was said.

She explained that as Miss F didn't respond, Barclays was unable to continue with the claims and that it hadn't treated her unfairly by not progressing with the chargeback. And she didn't think it had acted unfairly when it re-debited the disputed amounts from Miss F's account as the letter sent on 30 September 2022 made it clear the refunds were temporary.

She noted there were no fees applied as a result of the re-debit of the transactions having taken the account into overdraft and as the re-debits were correctly applied to the account, Barclays hadn't made an error by allowing the transactions to take the account into an unarranged overdraft.

Our investigator was satisfied that Barclays had sent letters informing Miss F her account was overdrawn and that she had confirmed the letters were received and that her father had gone to the branch to discuss the matter while she was away. She was also satisfied that Barclays' decision to terminate the account due to there having been no payments towards the overdraft was fair and that it sent a letter notifying her of the termination on 24 January 2023.

Finally, our investigator was satisfied that Barclays had told Miss F in its account termination notice letter dated 24 January 2023 that if the overdraft wasn't settled, it might transfer the debt to its recovery units or agents, and that it intended to register details of the account with credit reference agencies. She was also satisfied that the content of the letters was communicated to her by her father and even though she couldn't go to a branch as she was abroad she could have tried alternative methods to get in touch with Barclays.

Miss F has asked for her complaint to be reviewed by an Ombudsman. She accepts there were alternative ways to contact Barclays but it was too expensive to call from overseas and her father had tried to go into the branch on her behalf. She doesn't recall receiving any of the letters and if she had, she would definitely have contacted Barclays. She accepts she should have checked her account online while she was away but she was preoccupied.

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've reached the same conclusion as our investigator. And for largely the same reasons. I know Miss F feels strongly about this complaint and this will come as a disappointment to her, so I'll explain why.

Miss F initially reported that the transactions which had taken the account into an unarranged overdraft were fraudulent. She said she was overseas at the time and had only used her debit card once, so her card details must have been used by someone else.

Barclays has since confirmed that the transactions which took the account into an unarranged overdraft were re-debits of credits that had been paid into her account when she had raised a merchant dispute in September 2022. When it didn't receive a response to its request for information, it removed the credits, which took the account into an unarranged overdraft.

I've considered the circumstances of the re-debits and I'm satisfied they were in line with the terms and conditions of the account and that Miss F was sent a letter on 30 September 2022 confirming the credits were temporary. The letter was sent to Miss F's correct postal address and she was still in the country at this point, so I'm satisfied she most likely received it, so she knew the credits would be temporary. Consequently, I'm satisfied this shows the disputed transactions weren't fraudulent.

I'm also satisfied the terms and conditions of the account allowed the account to go into an unarranged overdraft in certain circumstances and the re-debits meant that Barclays was unable to refuse the transactions. I also note Miss F wasn't charged any interest on the overdraft and I'm satisfied that was fair.

Miss F was notified about the unarranged overdraft in letters dated 20 January 2023 and 31 January 2023 and Barclays sent a letter on 24 January 2023 confirming the overdraft would be terminated with effect from 7 February 2023, demanding repayment of the balance of £930.03. The letter also stated that if the balance wasn't settled it may transfer the debt to its recovery units or agents with a view to taking further action. The details of the account would also be registered with credit reference agencies.

Even though these letters were sent to Miss F's home address while she was overseas, she has said they were received by her father. And even though she has suggested she doesn't recall receiving the letters, she has also explained that her father visited the branch in an attempt to discuss the account on her behalf. This attempt was unsuccessful but it shows me the letters were received.

Miss F has explained that she didn't contact Barclays herself because it would have cost a lot of money to call from overseas. And she didn't have access to the in app chat option because her account had been closed. I accept contacting Barclays from overseas might have presented challenges, but I don't accept this is a reasonable explanation for not having dealt with the situation in circumstances where there were several options available to her.

Having notified Miss F of its intention to close the account, I'm satisfied the decision to do so when it didn't receive a response was fair and in line with the terms and conditions of the account. I'm also satisfied Miss F was on notice that the credit reference agencies would be notified of the account closure and that this was fair and reasonable in all the circumstances.

Overall, I'm sorry to hear about the effects these events have had on Miss F, but for the reasons I've explained, I don't think Barclays has done anything wrong and so I can't fairly tell it to do anything to resolve this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 1 April 2024.

Carolyn Bonnell
Ombudsman