

## The complaint

Mr B's complaint is about Barclays Bank UK PLC, without warning, reducing the reserve limit on the current account linked to his mortgage following the death of his wife. Mr B is not happy this happened to him, at what was already a stressful time, and believes the policy Barclays has in place needs to be reviewed, given its potential impact on newly bereaved customers.

## What happened

Mr B and the late Mrs B had a joint offset mortgage with Barclays. Linked to the mortgage were several savings accounts for offsetting purposes and a mortgage current account (MCA). The MCA had a 'reserve' or overdraft linked to it. At the time of Mrs B's death in the spring of 2023 the reserve limit was slightly under £115,000, although their borrowing was in the region of just over £13,000.

Following being informed of the passing of Mrs B, Barclays wrote to Mr B on 1 June 2023 expressing its condolences and explaining that as their home had been owned jointly, it had changed their mortgage account to his sole name. It went on to say *'as a responsible lender, it is our normal policy when we are advised of the death of a joint mortgage account customer to cap the limit on the Mortgage Current Account with immediate effect.'* Barclays went on to confirm the reserve limit had been reduced to just under £18,000. It then confirmed *'If you would like us to consider reinstating the previous limit please provide us with evidence of income, and the reason for the new limit.'*

Although it was not detailed in the letter Barclays sent to Mr B, the change of the mortgage account into his sole name also meant that some of the savings accounts linked to the mortgage for offsetting purposes were delinked. This was corrected in August 2023 and backdated.

Mr B telephoned Barclays on 8 June 2023. He complained about the change to the reserve limit and wanted to know how to restore it. He wrote to Barclays with his request and supporting information the same day. However, he didn't receive a response to that application or his complaint, nor any meaningful communication about them, for around four weeks. During that time he contacted Barclays several times.

Barclays upheld the complaint in part in a letter of 7 July 2023. It confirmed it was Barclays' policy to cap an MCA reserve following the death of one of the borrowers, and that is what it had done after being informed of Mrs B's death. It was also confirmed that following Mr B requesting the MCA reserve limit be reinstated, it had been. Barclays apologised for the poor experience Mr B had, and it offered him £400 compensation for the upset and inconvenience it had caused him.

Mr B rejected the offer as he didn't think Barclays had responded to the complaint adequately. He said that the fact that he had not been communicated with when the MCA reserve limit had been reduced was not the core of the complaint. Rather the complaint was that the limit had been reduced at all and the degree of reduction that had been applied. He considered Barclays' policy to reduce MCA reserve limits was unfair and irresponsible. In

addition, Mr B didn't think Barclays had acknowledged the difficulty he had experienced in dealing with it following raising his complaint and the timescales involved. When Barclays didn't provide any further comment, Mr B asked this Service to consider his complaint.

Barclays explained the reasoning behind its policy for MCA reserve limits in the event one of the accountholders dies. It said that such an event was considered a significant life event and having access to a large balance that could be spent when a consumer is in a vulnerable state, represented a potential risk to them. As such, the limit is reduced with the option to have it reinstated. However, as the household income was likely to have reduced, as a responsible lender, it checked affordability before reinstating the limit. Barclays was satisfied it did nothing wrong in reducing Mr B's MCA limit when it did. However, Barclays concluded that it would have been a better process for Mr B as an individual, had it discussed this issue with him when he notified it of Mrs B's death, and then the change would not have been unexpected.

One of our Investigators considered Mr B's complaint, but he didn't recommend it be upheld. He was not persuaded that Barclays had behaved inappropriately in reducing the MCA reserve limit. He also thought the compensation payment offered was appropriate for the effect this had had on Mr B and the time it took to reinstate the limit.

Mr B didn't accept the Investigator's view. He said that it was not inappropriate for the MCA reserve limit to be reduced, but he considered the way Barclays did it was totally inappropriate – to unilaterally reduce the limit with no care about the consequences on the customer. The reduction had meant that he didn't have the 'spending power' to pay for his wife's funeral from the MCA. Mr B also said that the reinstatement of the reserve limit demonstrated that it had not been necessary for Barclays to reduce it and so something was wrong with Barclays' policy, not just its lack of communication. While he acknowledged that we could not challenge Barclays' processes, he considered we should challenge it on living up to its values, as he believed this policy wasn't compliant with them.

The Investigator considered what Mr B said, but it didn't change his conclusions. Mr B confirmed that he could not accept it was reasonable for Barclays to have reduced the MCA reserve limit in the way, and to the degree, it did. He asked for the complaint to be reviewed by an Ombudsman.

### **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.

Our service is independent and impartial; we do not represent the interests of businesses, nor are we consumer champions. In reaching my decision, I will have regard for the law and good industry practice where relevant, but my overarching responsibility is to decide what is fair and reasonable in the circumstances.

I would also explain that we have no regulatory function; that's the role of the Financial Conduct Authority (FCA); nor are we a consumer protection body. We're an alternative dispute resolution body; an informal alternative to the courts for financial businesses and their customer to resolve their differences. We deal with individual disputes – when we're able to – subject to rules laid down by the FCA (which are known as the DISP Rules).

This means that we can't tell a financial business how to run that business and what policies and procedures to have in place. Mr B has acknowledged this but went on to say that we should review the policy in light of Barclays' published values. No matter what parameters are suggested for us reviewing the suitability of a policy by a financial business, carrying out

such a review falls outside the remit of the Financial Ombudsman Service. That said, we can consider whether a financial business has applied its policies fairly and reasonably to an individual consumer.

Mr B doesn't like the policy Barclays has to reduce the MCA reserve limit on accounts following being informed of an accountholder's death. Barclays is entitled to have policies in place to protect potentially vulnerable customers. I also note that when the limit is reduced, it is not reduced down to the level of the existing borrowing, but rather leaves the remaining accountholder with some 'spending power'. I note that Mr B has latterly conceded that the concept of reducing the MCA limit is not unreasonable.

Mr B has commented that there was no need for Barclays to reduce the MCA limit and this is evidenced by the fact that it was reinstated. Being able to say, looking back, that different actions should have been taken is a statement of the obvious. It may be the case that the MCA limit was reinstated, but that was following Mr B providing evidence about his changed circumstances and an affordability assessment being completed. To say Barclays should not have applied its policy to Mr B because of the ultimate decision to reinstate the MCA limit, would be to use hindsight and I cannot use hindsight in making a decision.

Mr B has highlighted the degree of reduction in the MCA limit in his case. It was a significant amount, but that is because he hadn't been using much of the facility. I think the degree of reduction in the limit is something of a red herring. Mr B has told us he had an outstanding overdrawn balance of just over £13,000 before the limit was reduced. Barclays reduced the limit to around £4,500 above the amount Mr B owed – this clearly gave Mr B the capacity to cover outgoings until he decided what he wanted to do about the MCA reserve limit. Barclays gave him the option of having the limit reinstated, if it was affordable to his altered financial situation. Having considered the situation, I am not persuaded that it was inappropriate for Barclays to apply its policy to Mr B, or that it did so in an unfair or unreasonable manner.

Mr B has explained that Barclays reducing the MCA reserve limit in the way it did added to what was already a very stressful situation. I can appreciate that and the lack of communication during the application to have it reinstated would not have helped with that stress either. However, I can only make an award based on the additional stress caused by Barclays. While I note that Mr B has said that the reduction in the MCA limit meant he couldn't pay for the funeral from that account, he has confirmed that this didn't mean he couldn't pay those costs, so the reduction in limit was an inconvenience rather than something that caused financial difficulty. Having carefully considered the matter, I am satisfied the compensation Barclays has already offered of £400 is appropriate in the circumstances.

### **My final decision**

Barclays Bank UK PLC has already made an offer to pay Mr B £400 to settle the complaint and I am satisfied this offer is fair in all the circumstances. As such, my final decision is that Barclays Bank UK PLC should pay £400 in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr B to accept or reject my decision before 5 June 2024.

Derry Baxter  
**Ombudsman**