

The complaint

Mr P and Mrs P complain that Barclays Bank UK PLC (“Barclays”) reduced and withdrew the overdraft limits on their accounts and communicated this in a way which was distressing and confusing.

The complaint is brought by both Mr P and Mrs P. But, for ease of reading, I’ll refer mostly to Mrs P throughout this decision, as the submissions have been made mainly by her.

What happened

Mr and Mrs P hold a joint account with Barclays which had an agreed overdraft limit. Mrs P also holds an account in her sole name, which had an agreed overdraft limit. In November, she was woken by a text message from Barclays in the early hours of the morning. It said that some documents had been uploaded to her online banking. The documents were two letters about her overdraft limits.

In the letters Barclays said it was going to remove the overdraft on the joint account and reduce the limit on Mrs P’s sole account in January. It said that, based on the income information it held, it looked as though the limits might be higher than it would offer if Mrs P applied for an overdraft now. The letter about the joint account also noted that Mrs P hadn’t used the overdraft in the last year.

Barclays said that, if Mrs P still needed an overdraft and thought its information was incomplete or out of date, she should call to discuss it. It said it would be happy to review her limit again but that she would need to call within 30 days of the date of the letters.

Mrs P wasn’t using the overdrafts at the time but wanted them to remain in place, with the original limits. She says that her income can easily support the overdrafts and Barclays should know this as it sees all the transactions on her accounts. She says its decision to change the limits based on her income doesn’t make any sense and she was insulted by the suggestion that she doesn’t earn enough to be able to afford them.

She contacted Barclays through its online messaging system but wasn’t happy with the service she received there. So, she called Barclays when the phonelines opened and explained what had happened. Not only was she unhappy about the overdrafts, but also the timing of the text message and the online service. She says she told the agent she wanted the overdrafts to remain as they were and that she was challenging the decisions to change them. The agent set up a complaint.

Barclays responded to the complaint in January. It said that the text message had been sent during the evening and the delay in it reaching Mrs P must have been down to the network provider. It apologised for Mrs P’s poor experience with the chat service. In relation to the overdraft limits, it said that the letters told Mrs P she could appeal the decisions, but she hadn’t done so. It said that the overdrafts had therefore been changed in line with the letters and it didn’t think it had made any error.

Mrs P wasn't happy with Barclays' response and brought the complaint to this service. She was very unhappy with several aspects of the service from Barclays and found its communications stressful and offensive. In particular, she said she had wasted a lot of time trying to get answers from Barclays and that she had made it clear on the phone that she wanted to contest its decisions about the overdrafts. She said that Barclays never addressed this or asked for more information.

Our Investigator didn't think Barclays had acted unfairly by changing the overdraft limits. But he thought the reason it gave was misleading and that it hadn't taken the opportunity to clarify this. So, he recommended that it pay Mr and Mrs P compensation of £100.

Mrs P accepted our Investigator's findings. But Barclays didn't agree. It said it was clear from its letters that Mrs P's income was only one consideration in its decision to change the overdrafts. It 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.

Looking first at the issue of the text message, I don't doubt that it was received by Mrs P in the middle of the night. But I haven't seen confirmation of the time it was sent by Barclays. That's because Barclays no longer holds this information on its system. So, I can't safely conclude that Barclays acted unreasonably in this respect. I think it's possible there could have been a delay between the sending and the receiving of the message. As to the online chat messages, I haven't seen details of these. But, from the limited information available to me, I think Barclays' response to this issue is reasonable.

Turning now to the main issue of the overdraft limits, the terms and conditions of Mrs P's accounts allow Barclays to change or remove these. I think it was entitled to do so here. But I'll consider next whether the way it did so was fair and reasonable.

The letters said that Barclays regularly reviews overdraft limits to make sure customers don't borrow more than is manageable. They said, "*Based on the income information we have, it looks like your limit might be higher than we'd offer if you applied for an overdraft today.*" This indicates that Mrs P's income is affecting Barclays' lending decision.

The letter about the joint account continues, "***Because of this and as you haven't used your overdraft in the last year, we'll remove it...***" (I have added the emphasis.) So, the letter says it's because of the income information that Barclays is going to remove the overdraft.

This is also confirmed by the following sentence, in larger font, which says "***We'll be happy to review your limit again if you feel your income information isn't up to date***" (I have added the emphasis.) The same wording is used (also in large print) in the letter about the sole account. It indicates that information about Mrs P's income might change Barclays' decision.

Mrs P took the letters to mean that Barclays was changing the overdrafts because it thought she couldn't afford them, based on her income. I think that's a reasonable interpretation. I think it's what most people would take them to mean.

Barclays says that account usage and the cost of living are also mentioned in the letters and, taking them as a whole, it's clear that income is only one consideration. But the letter about the sole account doesn't refer to these issues in the context of the decision to reduce the limit. The only reason given for the reduction is the income information. The letter about the joint account does say that Mrs P hasn't used the overdraft in the last year. But this appears

to be a secondary consideration. Mrs P says she could understand if the overdrafts were changed for other reasons, such as lack of use. But the letters placed the emphasis on her income. I think it's understandable that she was confused by a decision made on that basis.

It's right that Barclays should review its lending decisions to ensure any borrowing is affordable. It's not unreasonable for it to change a customer's overdraft limit due to concerns about affordability. There are also other reasons why it might reasonably reduce or remove a lending facility. Lack of use is one such reason. Barclays doesn't necessarily have to give customers a detailed reason for any such decision. But any information it does give customers about why it's making a change should be accurate.

Some of the wording in the letters was standardised and I think that's reasonable in general. But it had a negative impact here because the reason given for the changes didn't reflect Mrs P's circumstances. And the letters didn't make it clear that other factors had influenced the decision. So, the letters didn't make sense to Mrs P. They gave the impression that Barclays was making decisions about her accounts without considering her situation fully or by interpreting information incorrectly. This was distressing and frustrating and led Mrs P to think that facilities were being withdrawn from her unfairly.

As to whether Mrs P's income does support the original borrowing, that's not something I can decide. It's for Barclays to set its own lending criteria and it doesn't have to provide details of that here. So, I'm not going to tell it to reinstate the original overdraft limits. Barclays said at the time that it would be happy to review the limits again if Mrs P thought the income information it had used wasn't accurate. I think that was a reasonable approach.

Barclays says that Mrs P didn't appeal. But I'm satisfied that she called Barclays within the deadline set in the letters. Barclays' notes record that Mrs P wanted it to look into the situation to see if it was appropriate to decrease the limits after looking at her income. She referred to the letters and I think it was clear that she wanted the decisions to be reviewed in light of her income. So, I think this conversation should have been treated as an appeal. I don't know whether Mrs P contacted Barclays on the number given in the letters. But, even if not, I think Barclays ought to have directed her query to that team so that the further review could take place. I haven't seen anything to suggest the overdraft limits were reviewed again following this conversation. I don't think that was fair.

I can't conclude that Barclays' decisions about the overdrafts would have been different even if it had carried out a further review. In addition, I don't find that Mrs P suffered any financial loss as a result of the limits being changed, as she hadn't been using the overdrafts. If she needs an overdraft on the joint account or wants to increase the limit on her sole account, she can still apply for this. So, I don't think she is in a worse position overall. But I don't think the way Barclays communicated the changes and dealt with Mrs P's query was fair. It was distressing and frustrating for her and Mr P and I think this could have been avoided with clearer communication. So, I think Barclays needs to pay them some compensation to reflect that. In the circumstances, I think £100 would be a fair amount.

My final decision

For the reasons above, I uphold this complaint. Barclays Bank UK PLC should pay compensation of £100 to Mr and Mrs P.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 29 May 2024.

Katy Kidd

Ombudsman