

The complaint

Mr I complains that Barclays Bank UK PLC (“Barclays”) incorrectly paid direct debits from his account after a direct debit indemnity claim was rejected leaving his account overdrawn.

What happened

On 14 April 2020 Mr I had three direct debit payments due to go out to a third party (“P”). These were for £1,000, £2,000 and £170. Because Mr I’s account balance was only £367.37 only the £170 payment was made and Barclays wrote to Mr I to say his other payments for £2,000 and £1,000 weren’t paid.

On the same day Mr I called Barclays to dispute some direct debit payments made to P. Because of the dispute, Barclays applied a temporary credit to Mr I’s account of £3,684.50 while it investigated the payments.

On 15 April 2020 Mr I withdrew £1,000 in cash from a cash machine.

On 16 April 2020 Mr I made a debit card payment of £2,000 to P.

On 20 April 2020 Mr I’s account balance was £61.26.

P successfully challenged Mr I’s dispute about the direct debits totalling £3,684.50. So Barclays removed the credit from Mr I’s account on 21 April. Having this removed from Mr I’s account – along with other payments made by Mr I totalling £13.80 that day – left Mr I with an overdrawn balance of -£3,637.04.

Mr I complained. He says the direct debits should never have been paid as there wasn’t enough money in the account and that Barclays shouldn’t have let this happen.

One of our investigators looked into Mr I’s complaint but didn’t think Barclays had done anything wrong or made a mistake. They thought Mr I’s account became overdrawn due to the credit of £3,684.50 being removed by Barclays after the investigation of the direct debit dispute. The investigator also said Barclays never made the direct debit payments of £2,000 and £1,000 to P as there wasn’t enough money in Mr I’s account.

Mr I was unhappy with this and has asked for an ombudsman’s decision.

Mr I asked for the ombudsman to contact him before making a final decision so that he could be sure his complaint was fully and correctly understood. After reviewing all the information and evidence, I was satisfied Mr I had been given enough time to provide this service with all the information he had relating to his complaint and I’m confident that I understood Mr I’s complaint and had enough information to make a final decision without needing to speak to Mr I.

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.

It might help if I explain my role is to look at the problems Mr I has experienced and see if Barclays has made a mistake or treated him unfairly. If I think Barclays has, I will ask it to put Mr I back in the position he would've been in if the mistake hadn't happened.

Mr I thinks Barclays made a mistake. He thinks it let direct debits be taken out of his account when he didn't have enough money in his account to pay them which meant his account became overdrawn by £3,637.04.

But I think Mr I is mistaken. Mr I's bank statements – the important details are given above in the background - show that this didn't happen. The only direct debit payment that left Mr I's account was for £170 because Mr I didn't have enough money in his account to pay the £2,000 and £1,000 payments that were due. So these payments bounced back. This is shown on Mr I's bank statements and Barclays also wrote to Mr I telling him this.

The reason I think Mr I's account became overdrawn is that he thought he had more money than he did when Barclays credited his account with £3,684.50 while it investigated his direct debit dispute. Mr I spent most of this by making a cash withdrawal of £1,000 on 15 April and a debit card payment of £2,000 on 16 April.

Mr I doesn't understand how £3,3684.50 could be refunded to his account if these amounts were never debited from his account in the first place.

I think Mr I's confusion here is because the £3,3684.50 credited to his account by Barclays on 14 April was not a refund. It was a credit given by Barclays for the total amount Mr I was disputing. When Mr I's direct debit dispute wasn't successful Barclays removed the credit from his account which left his account overdrawn as Mr I had spent almost as much as the credit Barclays had applied during the period between Barclays crediting his account on 14 April and then debiting it again on 21 April.

So after looking at all the information and evidence, I don't think Barclays made a mistake or treated Mr I unfairly as Barclays didn't allow direct debit payments to leave Mr I's account as Mr I believes. And so I do not uphold Mr I's complaint.

My final decision

For the reasons I've explained I've decided not to uphold Mr I's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 23 May 2024.

Caroline Davies
Ombudsman