

The complaint

Mr K complains that Barclays Bank UK PLC ('Barclays') removed the overdraft limit on his current account.

What happened

Mr K has a Barclays current account. The account had an arranged overdraft limit of £3,500. In July 2023 Barclays wrote to Mr K to inform him that they intended to remove his overdraft limit from 30 August 2023. They said that this was based on the information they held about Mr K's income.

Mr K complained to Barclays. He said that fraudulent activity on a telecommunication account led to adverse information being reported to the credit reference agencies (CRA). Mr K said he was working towards getting the adverse information removed from his credit file. He added that the removal of his overdraft facility impacted his health as well as his ability to manage his finances in the way he previously had.

Barclays didn't uphold Mr K's complaint. In summary, they said they have an obligation to lend responsibly and so they'll review overdrafts from time to time. They added that they'd given Mr K the chance to appeal their decision within 30 days, but he hadn't done so. Barclays said they wouldn't consider an appeal now, but that Mr K could apply for a new overdraft.

Unhappy with Barclays' response Mr K contacted our service, where one of our investigators looked into what'd happened. She didn't think Barclays had treated Mr K unfairly in removing the overdraft limit.

Mr K didn't agree. He said he'd contacted Barclays within the required timescale, and he was repeatedly informed that the reason for the review was due to the incorrect information on his credit file. Mr K said he felt it was unfair that his overdraft was removed because he was the victim of a fraud. Our investigator reviewed what Mr K had said but her opinion remained unchanged. As no agreement could be reached the complaint was passed to me to consider.

Mr K has also made a separate complaint about his credit card limit being decreased, which is being considered as a separate case. This decision is solely about Mr K's overdraft facility.

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 decided not to uphold Mr K's complaint. I understand Mr K feels strongly that he's being punished for something that was outside his control. And I was sorry to read of the impact of what's happened had on him. But I can only fairly uphold his complaint if I thought Barclays made a mistake – and, based on what I've seen, I can't reasonably say that's the case here.

An overdraft is a form of running account credit, where the lender, in this case Barclays, allows their customer, Mr K, to take out more money than the amount they have in their current account. I've reviewed Barclays' general terms and conditions for personal customers, which consists of two parts: 'Being with Barclays' and 'Our Banking terms'. In section five of 'Being with Barclays', under the sub-heading 'Asking you to pay back your overdraft' on page 21, it states:

"If you have an arranged overdraft, we can end it at any time and for any reason. We'll give you at least 30 days' written notice and ask you to pay it back."

Section five of 'Our Banking terms' sets out Barclays' terms for arranged overdrafts. It states:

"Whether we agree to lend you money depends on your financial situation. [...] Responsible lending is important to us, before and after we agree to lend money to you. If we think we should change or remove your limit(s), we'll tell you at the time. We can set a different limit, or cancel the arranged overdraft facility."

I'm satisfied that the terms and conditions allow Barclays to remove an overdraft facility at any time and for any reason. Although Barclays wasn't required to give Mr K a reason for their decision, their letter dated 12 July 2023 explained that the decision was based on the income information they hold and because Mr K hadn't used his overdraft in the past year.

Barclays' letter on 12 July 2023 said the overdraft limit would be removed on 30 August 2023, giving Mr K more than 30 days' notice. So, Barclays has followed the process they set out in their terms and in doing so, I think they treated Mr K fairly. The letter went on to explain that Barclays would review Mr K's limit again if he thought the information Barclays held was incomplete or out of date. To request a review, Mr K needed to contact Barclays within 30 days of the letter – so by 11 August 2023.

Mr K said he did contact Barclays within that timeframe. I've considered this carefully. Barclays provided me with a copy of their call logs for July and August 2023. The first call in that time period is on 16 August 2023. I've seen a transcript of that call and can see it concerned a transaction on Mr K's credit card, which he wanted to dispute.

Mr K also provided copies of emails as well as screen shots of his email inbox and phone log. The earliest evidence of contact with Barclays here is an email on 21 August 2023 about his credit card limit decrease. I haven't seen anything to show Mr K contacted Barclays to ask them to review the overdraft within 30 days of their letter dated 12 July 2023. It follows that I don't think Barclays treated Mr K unfairly when they declined to review their decision, as the appeal was made too late. Barclays said Mr K can apply for a new overdraft, and this option remains open to him.

Mr K said Barclays told him the review of his overdraft was prompted by the incorrect information reported by the CRA. Barclays on the other hand said they're undertaking annual reviews on all customer accounts, including Mr K's. I don't think it's unreasonable for lenders to react to information they receive from third parties. I appreciate that the information was later amended, but Barclays wouldn't have known this at the time. In any event, regardless of what triggered Barclays' review, their decision to remove the overdraft wasn't because of the data reported by the CRA, but concerns about Mr K's income.

I've set out above that Barclays were entitled to remove Mr K's overdraft in line with the account's terms. As I haven't found any evidence of a mistake by Barclays, I'm not telling them to take any further action to resolve this complaint.

My final decision

For the reasons set out above, I'm not upholding Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 4 November 2024.

Anja Gill
Ombudsman