

## **The complaint**

Mr O complains that Barclays Bank UK PLC allowed him to take out cash advances whilst he was in persistent debt.

## **What happened**

Mr O is unhappy that Barclays allowed him to take out cash advances and use his credit card for purchases whilst he was in persistent debt. He thinks that Barclays should've prevented him from using the card and wants the fees and charges he's incurred refunded.

In response to Mr O's complaint, Barclays said it hadn't made an error. It said it had identified that Mr O's account was in persistent debt and offered him a paydown plan in August 2020, which he opted in to. Barclays said that prior to then, Mr O had full functionality on the account, and it was up to him how he managed and utilised the account. Barclays said that the fees and charges for cash transactions had been applied in line with the terms and conditions of the account.

Mr O remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. They said that Barclays had followed the relevant regulations when administering Mr O's account and suspended the account when it was appropriate to do so.

Mr O didn't agree. He said that Barclays should've removed his ability to make cash withdrawals due to the persistent debt.

## **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.

I've reviewed Mr O's account. I can see that the account was in persistent debt.

It may help if I explain what persistent debt is. Persistent debt is where a customer is considered to have long term debt, and has paid more in interest, fees and charges than they have off their principal balance over an 18-month period.

Where persistent debt is identified, lenders are obliged to follow FCA rules. Ultimately this may mean suspending the account.

I can see that Mr O's account was suspended by Barclays in August 2020 due to the length of time it had been in persistent debt. Leading up to the account suspension, I can see that Mr O was paying the minimum monthly payment most months. However, this wasn't enough to bring the account out of persistent debt.

Once Mr O's account reached 36 months of persistent debt, Barclays offered him the option to repay the account balance over a set period of time. The account was suspended at the same time, which meant Mr O could no longer use it.

Prior to an account suspension, a customer can use an account which is in persistent debt if they want to. I appreciate that Mr O doesn't think this should be the case, but it's up to the individual whether they use an account which is in persistent debt prior to the account being suspended. This is because being in persistent debt and being in financial difficulty aren't the same thing. Mr O was paying the monthly minimum payment whilst he was in persistent debt, and I haven't seen any evidence to suggest that he was struggling to pay or that he was in financial difficulties.

Taking everything into consideration, I'm unable to say that Barclays has made an error or treated Mr O unfairly. Based on what I've seen, Barclays followed the relevant rules and suspended Mr O's account once it had been in persistent debt for 36 months. Prior to this, Mr O was free to use the account as he wished, which included cash transactions. In this respect, I'm satisfied that the fees and charges applied in relation to those cash transactions were applied correctly, in line with the terms and conditions of the account.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 16 October 2024.

Emma Davy  
**Ombudsman**