

The complaint

Miss W has complained that Barclays Bank UK PLC didn't pay her the full redress due in relation to PPI mis-sale complaints.

What happened

In 2019 Miss W received several offers of redress from Barclays for mis-sold PPI, which she accepted. In relation to overdraft PPI, she received a final response letter (FRL) dated 8 May 2019, with a redress amount of £132.01.

As the final redress amounts included a deduction for tax on the applicable interest, Miss W was thinking about whether she might be able to claim some tax back. Therefore, earlier this year she wrote to Barclays asking for copies of all the FRLs she'd been sent.

The information received included an FRL dated 1 May 2019, also in relation to the overdraft PPI. But this letter had a redress offer of £669.86. Miss W hadn't seen this letter before or received that amount of redress. So, she thinks she should have received this higher amount, rather than the £132.01 that she did receive.

Barclays explained that the FRL of 1 May 2019 had never been sent out. It had been quality checked at the time and found to contain errors, so it was replaced with the FRL of 8 May 2019. However, the original letter remained on file, which was how it came to be sent out when Miss W made the request for information in 2024.

Our investigator was persuaded that the FRL of 8 May 2019 was correct and so didn't think Barclays needed to provide any further PPI redress. However, as the sending out of the 1 May 2019 letter had caused confusion and frustration for Miss W, she recommended that Barclays should pay £100 compensation for the distress and inconvenience caused.

Miss W disagrees with the investigator's opinion and so the complaint has been passed to me for a decision.

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.

Barclays no longer has the full account information available to be able to reconstruct how the redress figures were reached. This is not surprising given the amount of time that has elapsed and that the PPI mis-sale cases had been upheld and settled back in 2019. However, Barclays has provided some information which explains the discrepancy between £669.86 and £132.01. The main reason for the difference is that the first calculation was carried out using the wrong method. It was based on a standard calculator, which is the method that is used when an account hasn't been in arrears. In this instance a consumer would be using their in-credit balance (i.e. their own money) to pay the PPI premiums and therefore they would be entitled to benefit from added interest on those premiums when calculating redress.

As this account had been in arrears, the redress should have been worked out using what Barclays calls its Branch Recovery Unit (BRU) calculator. This calculator takes into account periods when the account was in arrears and does not apply interest to premiums paid during those times. However, 8% interest is still applied to premiums paid when the account was in credit. So, the redress in the FRL of 8 May 2019 was calculated using this correct method.

I can understand how, without any information to the contrary, Miss W might find it difficult to accept that the two amounts could be so different. However, the wording of the two letters does differ in terms of explaining how the redress has been calculated, with the letter of 8 May 2019 talking about the account being held within the BRU. So that might have given Miss W some clue about why the second figure was so reduced.

Barclays has been trying to provide this service with more information about the redress amounts. However, as already mentioned, it doesn't have enough information to be able to accurately reconstruct the account now. Where the evidence is contradictory or incomplete, I make my decision on the evidence that we do have, together with what I consider is most likely to have happened.

On a balance of probability, I'm persuaded it is more likely than not that the redress of £132.01 that was paid to Miss W was the right amount. Therefore, I won't be asking Barclays to pay any further redress.

Barclays' main error was in sending out the superseded letter of 1 May 2019 when Miss W made the later request for all of her FRLs. This no doubt caused her to be concerned that she was still owed some money. I also appreciate that Miss W was frustrated by Barclays' lack of explanation as to why the 1 May 2019 was an error and its unwillingness to engage with her further on the subject.

I've thought very carefully about this and about what Miss W has told us about the stress exacerbating an existing health condition. I can understand why she feels she should receive more than the £100 compensation recommended by our investigator. However, as an alternative dispute resolution service, our awards are more modest than Miss W might expect. Overall, I'm satisfied that £100 is appropriate compensation for the distress and inconvenience caused.

My final decision

For the reasons set out above, I uphold the complaint and require Barclays Bank UK PLC to pay £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 15 November 2024.

Carole Clark
Ombudsman