

The complaint

A limited company, which I'll refer to as P, complains about Barclays Bank UK PLC's poor service in relation to setting up a new direct debit to pay its bounce back loan ("BBL").

What happened

In late 2023, P asked to close its business current account with Barclays as it had moved its banking elsewhere.

P asked to set up a direct debit from its new bank to cover its monthly BBL instalment. The bank didn't set this up as requested, so P complained.

In early December 2023, P spoke to the bank again and the direct debit was set up. Barclays also responded to P's complaint, upholding it and sending P a cheque for £89.

Barclays' representative failed to inform P's director that it was too late to set the direct debit up in time for December's repayment. December's instalment was therefore missed.

In January 2024, Barclays wrote to P informing it that it had missed a BBL repayment and was therefore in arrears. P complained again. Barclays apologised again and offered P an additional £100 compensation, later increasing this offer to £250.

P asked the Financial Ombudsman to look into what had happened. One of our investigators did so and concluded that Barclays' offer to put things right was fair.

P's director disagreed with our investigator's conclusions and asked for an ombudsman to look at the matter again. He thought that, as Barclays had failed to inform him that the direct debit would not be set up in time, they should clear the arrears, including interest, in addition to the £250. He also thought it was unfair that he had had to spend months chasing the bank to set up a direct debit and now they were hounding him with constant communications about the arrears.

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'm sorry to disappoint P's director, but I've reached the same conclusion as our investigator, for essentially the same reasons. I think the bank's offer is fair. I'll explain why.

When P first complained about the difficulties it was having setting up the new direct debit, Barclays paid it £89 in compensation, which is roughly one month's BBL repayment. But I don't think this means that Barclays should necessarily cover any subsequent arrears. P has a contractual obligation under its loan agreement to make the monthly repayments as they fall due. This obligation doesn't cease because Barclays made some customer service errors. Whilst Barclays' error meant P didn't realise it had to pay manually in December, it has known it is in arrears since early January and has chosen not to correct that position.

I can see P's director is also concerned that he is paying additional interest because of the arrears on his loan. This is true, but because the loan is relatively small, the amount of extra interest payable because of the arrears is minimal. I do not have the up-to-date figure, but as an example, as at 12 March 2024, the additional accrued interest was 18 pence. P could have mitigated this loss by clearing the arrears whilst its complaint was being considered, and as it was ultimately P's responsibility to make its loan repayments, I don't think it would be fair to expect the bank to refund the arrears or the interest on them.

Barclays has rightly apologised for the poor customer service in putting in place the direct debit and the failure to advise P that it would not be set up in time for December's payment. I think the offer of compensation the bank has made of £250 (plus the £89 already paid) is fair.

Putting things right

I'm sorry to hear that P's director has found this matter so stressful and I can appreciate why that might be the case as an habitually punctual person who has never missed a payment before. But I'm afraid the eligible complainant here is P, which is a limited company and therefore cannot be distressed. I am unable to take into account stress suffered by a director in assessing compensation. I have considered the inconvenience experienced by P and for the reasons I've explained, I think the bank's offer is enough to put that right.

My final decision

My final decision is that Barclays Bank UK PLC must pay P the £250 already offered by the bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 20 November 2024.

Louise Bardell

Ombudsman