

The complaint

A company I'll call H complains that Barclays Bank UK PLC (Barclays) mis-sold it an overdraft and charged it fees for five years, despite the fact that H didn't use the overdraft.

To put things right, H wants Barclays to reimburse the overdraft fees it has levied against H.

H is represented by its director, Mrs P.

What happened

H took out an overdraft with Barclays in September 2019. Mrs P says she didn't know H would be charged for it and says she only discovered the charges when a Barclays customer service agent mentioned it on a phone call in September 2024. She also says H hasn't used the overdraft in that time and that her other business lenders don't charge her for overdrafts, unless they are used.

Mrs P complained to Barclays, but it didn't uphold H's complaint. It said Mrs P had signed the facility letter at inception, that it had sent monthly pre-notification letters that state the overdraft fee is £10.41 and that it also sent annual renewal letters. It confirmed the overdraft had been cancelled as of 10 September 2024, but it said it had done nothing wrong, so it didn't agree to refund the charges.

Mrs P remained unhappy, so she brought H's complaint to our service. However, our Investigator didn't uphold the complaint. She was satisfied that the facility letter set out the charges and that they would be debited each month until further notice and that the annual renewal letters clearly stated that a fee would be payable even if the overdraft was not used. She also noted that H had used the overdraft in 2019, 2023 and 2024.

Mrs P said she was completely unaware of the overdraft and that she hadn't received the pre-notification letters. She asked for an Ombudsman to review the matter afresh.

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.

Firstly, I should say that I'm aware I've summarised the events of this complaint in far less de-tail than the parties, and that I've done so using my own words. The reason for this is that I've focussed on what I think are the key issues here, which our rules allow me to do.

This approach simply reflects the informal nature of our service as a free alternative to the courts. And I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome in this case. So, if there's something I've not mentioned, it isn't because I've ignored it, and I must stress that I've considered everything both Mrs P and Barclays have said, before reaching my decision.

I'm sorry to say that I won't be asking Barclays to refund the overdraft charges. I understand that Mrs P thinks the statements should have clearly stated the overdraft fee, but I've seen several documents that do show the fee payable. The 'commission' detailed on the statement includes the fee for the account and the fee for the overdraft, and the pre-notification letters detail both of those fees separately, before going on to describe them as "total commission", which corresponds with what appears on the statements.

Page three of the facility letter issued to H at the start of the agreement clearly states that a fee will be charged even if the overdraft isn't used, and both the pre-notification letters and the annual renewal letters list the overdraft fee separately every time. While Mrs P referred to one letter that she says she didn't receive, Barclays has provided our service with four copies of the pre-notification letters dating from July 2021 to June 2024, as well as four annual renewal letters from 2021 to 2024. All of those letters are currently addresses, and I think it's more likely than not that Mrs P did in fact see at least one of those letters (plus the facility letter) and probably more.

I accept that Mrs P might not have noticed the charges, but I can't reasonably say that Barclays didn't do enough to advise H of the them. And so, I'm not persuaded that H was mis-sold the overdraft. Further, it's not true to say that H didn't use the overdraft. Having reviewed H's statements, I can see that the account was overdrawn on the following occasions:

1. October 2019;
2. March 2020;
3. April 2023;
4. May 2023;
5. April 2024; and
6. May 2024.

I appreciate the point Mrs P is trying to make is that H didn't use the overdraft regularly and I'm simply pointing the above out for completeness. The main issue here is whether or not Barclays made it clear that it would charge H fees for the overdraft. I accept that it would have been clearer to list the charges on the statement as 'overdraft fee' than 'commission'. But that's not enough to persuade me that H was mis-sold and as I've said above, I'm satisfied that H was in fact notified of the charges on a number of occasions, both at the start of the agreement and throughout its term.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 24 June 2025.

Alex Brooke-Smith
Ombudsman