

## **The complaint**

Mr A complains on behalf of C that Barclays Bank Plc, “Barclays”, allowed a company director to take out a credit card without the proper authority, which then allowed him to make unauthorised transactions.

This complaint has been brought to our Service by one of the directors of the company, Mr A. It’s regarding the credit card taken out in the company’s name and the transactions made on this card by another director at the time, for ease I will call him Mr X.

## **What happened**

The facts of this case are well known to both parties, so I won’t repeat them in detail here.

In summary, Mr A says Barclays shouldn’t have allowed Mr X to take out a credit card in the company name and make transactions on it. Mr A says he thinks Barclays should’ve notified him of the credit card application, so he could’ve objected to it. He believes Barclays has not followed the correct procedure by approving Mr X’s credit card application.

Barclays says as a company director holding more than 10% stake in the company, Mr X had the required authority to take out the card. It says it completed the proper checks using Companies House to ensure the information about Mr X and his role in the company was correct, and so it is satisfied it hasn’t done anything wrong here.

Our investigator considered this complaint and decided not to uphold it. Mr A disagrees, 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.

As an ombudsman it is my role to look at all the evidence, and then reach a decision that takes this into account and is fair to both parties. That means I consider Barclays’ position as much as I do C’s. I understand Mr A’s concerns about Mr X misappropriating funds from the business, which must be distressing for him and financially detrimental for the company. But I can only ask Barclays to refund the money taken by Mr X if I feel Barclays has done something wrong which caused the loss.

Barclays has provided the credit card application form and the terms and conditions of the account. This shows that any director with more than a 10% share in a company can take out a credit card in the company’s name. Having considered the information recorded on Companies House records, I can see that Mr X had a 66.6% stake in the company at the time. So, I am satisfied that Mr X had the authority to take out the credit card as per the terms and conditions of the account.

Mr A says the credit card application form was not fully completed, and his details were omitted from the form. He feels had his details been entered in the form, or had Barclays

considered that he was also a director in the company owning more than a 10% stake, this would've prevented the loss to the company. However, I don't agree, and I'll explain why.

As outlined above, I am satisfied that Mr X had the authority to take out a credit card with Barclays as per its terms and conditions for the credit. From the information included I can see Mr X entered the correct and true information in the application, albeit he omitted including information about the other director. However, even if he had included this information, it doesn't change the fact that Mr X had the authority to open the account. And even if Mr A had objected, I can't say this would've affected Barclays decision to lend as Mr X had met it's required criteria.

Therefore, considering Mr X had the correct authority to take out a card in the company name, it follows then that the transactions he carried out on the account were authorised as per the Payment Service Regulations 2017. So, I will not be asking Barclays to refund any of the disputed transactions.

I know this outcome will come as a disappointment to Mr A, but for the reasons outlined above I am not upholding this complaint. I understand Mr A had real concerns about Mr X's intentions and says he has spent money for goods and services which do not relate to the operation of the company. But this does not mean Barclays is at fault here. This is a company matter which I believe will be best resolved elsewhere.

### **My final decision**

I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 10 March 2025.

Sienna Mahboobani  
**Ombudsman**