

## **The complaint**

N, a limited company, complains that Barclays Bank UK PLC took a large sum of money from their business current account, to pay a loan. This left them unable to pay their staff's wages. They'd like adequate compensation.

## **What happened**

The background to this complaint is well known to both parties and largely not in dispute, so I will cover it only briefly here.

In February 2024 a payment of £106,000 was made from N's Barclays current account to a loan they also held. But there was only £70,000 outstanding on the loan, as £36,000 had already been paid. This left N's account significantly overdrawn, and several payments being returned – including salary payments for their staff. N had to make these payments manually using savings. The £36,000 overpayment was returned to N several days later but dissatisfied with what had happen N complained to Barclays.

Barclays responded to say that the payment of £106,000 had been a standing order set up by N in advance. But they said they should have made it clear the amount would need to be adjusted when they agreed the £36,000 payment in advance. They also accepted that there was a delay in returning the overpayment to N because of an internal error. They offered to refund the overdraft charges of £113.47 and pay N £200 compensation.

N rejected this and referred the complaint to our service. They said that the unpaid wages had meant they'd had to spend time reassuring staff, and customers, who'd had funds returned. One of our investigators looked into what happened, but she thought the offer from Barclays was reasonable.

This wasn't accepted by N, who said the compensation was inadequate. As no agreement could be reached the complaint has been passed to me to decide.

## **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 considered N's comments about the structure of their lending – and how they had had a meeting with Barclays about the loan in January 2024. They were expecting to make a payment of approximately £20,000, and the rest to be repaid over the next several years. So, I've no doubt it was a shock that £106,000 left their account.

But looking at the statements, and as Barclays pointed out in their response to this complaint, the payment was made by standing order. Standing orders are generally set up by the account holder to make payments – the timing and value of the payment are set by the payer, rather than the something like a Direct Debit where it is set by the payee. If this needs to be changed its typically up to the payer to make the adjustment.

I don't see that in this case Barclays took more money that was agreed, rather it seems that neither party had amended the original standing order from when the loan was set up. That was the payment instruction in place, so it's not unreasonable that Barclays processed it.

But as there had been discussions about the loan, I would have expected Barclays to be more proactive in either reminding N to amend the standing order or getting permission to do so themselves. This could have taken place either when N made the advanced payment of £36,000, or after the new lending terms were agreed in January 2024.

N commented that they lost faith in Barclays and didn't want to continue their lending with them. And it means that Barclays were only asked to return the £36,000 overpayment. It's not clear why there was a delay in these funds being returned to N – but Barclays have accepted this was down to an internal error. I can see from the statements on 22 February that several payments were returned – although after N transferred funds into the account, they were made again that day. So, while I've no doubt this was inconvenient to N, it seems they were able to mitigate their circumstances quickly, and any damage to reputation would appear to be minimal.

Overall, I'm persuaded there are errors by Barclays. But I don't see that the inconvenience caused to N was solely down to the actions of Barclays. On that basis I see that Barclays' offer to refund the overdraft fees, and pay £200 compensation to be reasonable, and I'm not persuaded they need to do anything further.

### **My final decision**

My final decision is that I uphold this complaint, and direct Barclays Bank UK PLC to refund the overdraft interest and pay N £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask N to accept or reject my decision before 11 April 2025.

Thom Bennett  
**Ombudsman**