

The complaint

Mr J complains Barclays Bank UK PLC allowed him to go overdrawn.

What happened

Barclays had an IT outage over the weekend of 31 January and 2 February 2025. Mr J made some payments during this time and his account went overdrawn.

Mr J complained to Barclays and it said the IT outage allowed Mr J to go into an unarranged overdraft, but Barclays wouldn't charge any interest or fees. Barclays also said it would look to arrange a repayment plan and it paid Mr J £50.

Mr J wasn't happy with this, as the £50 and another refund he received weren't accessible because he was overdrawn. And Mr J didn't think it was fair to be able to get an overdraft without signing or agreeing to it.

Mr J brought his complaint to this service and an investigator looked into things, but didn't think Mr J's complaint should be upheld. The investigator said Barclays would allow people to go into an unarranged overdraft, even if one hadn't been agreed before.

The investigator thought the IT outage had caused the problem, but Mr J could have transferred money back to his Barclays account. The investigator thought Barclays was fair in not charging and offering a repayment plan.

The investigator said Mr J's overdraft had been paid off now, and the £50 Barclays had already paid was enough. Mr J disagreed.

Mr J said the dates used in the investigator's assessment were incorrect, and he'd done all the transactions on 1 February 2025, now they showed as later.

Mr J said he couldn't transfer as Barclays' application wasn't working, he'd done the transfers on 30 January, and was now out of pocket.

Mr J said he was due to pay another company, Z, by instalments but Barclays IT problems meant the whole amount was paid in one go and he was now around £90 down.

Mr J asked for an ombudsman to decide things.

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.

The IT outage at Barclays affected a lot of customers, but in different ways, some could send

transfers, some couldn't, and for some their balances didn't update.

I'm satisfied Mr J was affected by Barclays' IT outage, he was able to make payments and transfers without having enough money in his account.

Mr J's balance on 31 January 2025 was a little less than £250. Mr J spent around £40 in total on some smaller payments, paid £112.28 to Z and transferred £243 to another of his accounts. This left Mr J's account £144.42 overdrawn.

Mr J has a basic account, so Barclays shouldn't have allowed him to spend more money than he had in his account. I think the fact Mr J could is because of Barclays' IT outage.

Mr J says he was paying smaller amounts to Z and having looked at his previous statements I agree he was. Mr J says the IT outage caused a larger payment to be made to Z, leaving him out of pocket.

I don't think the IT outage caused larger card payments to be made. Mr J authorised the payment to Z, and I don't think he tried to pay a smaller amount but Barclays sent more to Z.

Barclays wouldn't know what Mr J owed Z, and it's Z's responsibility to ask for the amount it wants from Mr J's card, as requested by Mr J. Overall, I'm not persuaded Barclays caused Z to take a larger payment than Mr J wanted to make.

And there doesn't seem to be much dispute Mr J owed Z money, albeit paying it back over time and in agreement with Z. By making this larger payment, Mr J now owes Z less, or possibly nothing more, so I can't say Mr J is out of pocket here.

Mr J says the £243 was transferred to another one of his accounts. This means Mr J's had the benefit of this money. The investigator said Mr J could have transferred this money back to Barclays, to clear the overdraft, and I agree this was possibly an option for Mr J.

What is clear is Mr J's benefitted from the error by Barclays in allowing him to transfer more money than he should have been able to. Mr J appears to have paid down his debt to Z and had money available in another account.

Although Barclays shouldn't have allowed Mr J to transfer more money than he had in his account, I don't think it would be fair for Barclays to refund any of the payments Mr J made.

Mr J says he wasn't able to access the £50 Barclays paid him or another payment, a refund on his card. I agree Mr J wasn't able to access this money, the payments reduced his overdrawn balance but didn't bring him into credit.

Normally I would say Mr J should have been able to access the £50, this was compensation for the distress and inconvenience of Barclays allowing Mr J to go overdrawn.

But I have to balance this with the fact Mr J was able to pay down his debt to Z and access the money he transferred to another account, and Barclays didn't apply any interest or charges to Mr J's overdrawn balance.

Overall, I think it was fair for Barclays to pay the £50 into Mr J's overdraft, reducing it, rather than paying this direct to Mr J.

Mr J was able to clear the overdraft later in February when he received a payment into his account, so although Barclays offered to arrange a repayment plan, which was a fair thing to do, it seems Mr J didn't need this.

Mr J says he made the transfers on 30 January 2025, but I don't think this is correct. From what I can see on Barclays' records, Mr J transferred the £243, and paid the money to Z, on 1 February 2025.

I accept these show on 3 February 2025 on Mr J's statements, but I'm satisfied both payments were made on 1 February. But I don't think it matters when the transfers were made, Barclays shouldn't have allowed Mr J to make them.

The IT outage meant Mr J could make them and overdraw his account. But I think Mr J's benefitted from using this money, interest and charge free, and has since paid off the overdrawn balance.

I think allowing Mr J to go overdrawn will have caused him some distress, but in the specific circumstances of Mr J's complaint, I think the £50 Barclays has already paid is a fair and reasonable amount to pay, so I won't be telling Barclays to do more.

My final decision

My final decision is I uphold this complaint, Barclays shouldn't have allowed Mr J to go overdrawn, but I think it's already fairly compensated him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 6 June 2025.

Chris Russ
Ombudsman