

The complaint

Miss N complains that Barclays Bank UK PLC trading as Barclays unfairly removed her overdraft facility.

What happened

On 21 September 2024, Barclays wrote to Miss N and explained that it would be removing her £3,000 overdraft. It said it had reviewed her account and based on the income and expenditure of the account, it said her overdraft might be at a higher limit that it would have given her if she applied for an overdraft at that time. It said that as a result, and because Miss N hadn't used the overdraft for 90 days, it would remove the facility on 8 November 2024.

On 24 September 2024, Barclays wrote to Miss N again. In this letter it referred to the previous letter it had sent her about removing her overdraft facility. In the letter, it explained that because Miss N was currently overdrawn, it wouldn't be removing it.

Miss N says that due to the letter she received on 24 September, she wasn't expecting the overdraft to be removed. However, it was then removed on 8 November. She says that this caused her to miss a payment for council tax and her rent.

Miss N then spoke to Barclays in December 2024, asking for help as a result of the financial difficulties she was facing due to the overdraft being removed. Miss N says that she was caused panic attacks and severe distress at this point, and she was denied speaking to a manager.

Barclays upheld Miss N's complaint and explained that it had sent the letter from 24 September 2024 in error. It paid Miss N £25 for the mistake and told her to let it know if she incurred any charges as a result of missed payments. However, it didn't agree that its decision to remove the overdraft facility was wrong.

When the complaint was referred to this Service, Barclays increased the offer of compensation to £200. This was to reflect that it didn't explain to Miss N that the letter from 24 September was sent in error. It also said that Miss N could apply for an overdraft again.

Miss N did apply for an overdraft again, and she was declined. Barclays issued a response about this in April 2025. Stating that it couldn't give her the specific reason as to why her application was declined, but it provided her with some information about what she could do next.

An Investigator considered the information provided by both parties, and they felt the complaint should be upheld and that Barclays should pay Miss N £225 to compensate her for the distress and inconvenience caused to her. The Investigator felt that the communication around the removal of the overdraft facility could have been better, and that one of the calls from December 2024, could have been handled better. But ultimately, the Investigator didn't think it was wrong of Barclays to remove the overdraft, they also didn't think it was wrong that Miss N wasn't passed to speak to a manager during one of the calls.

Miss N didn't agree with the Investigator's view. In summary, she reiterated that Barclays had caused her a lot of problems when it removed her overdraft facility, and she didn't think it was fair that it wouldn't provide her with emergency money, even though she explained to it that she would be getting paid in a few days time.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

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 taken everything into account, it is my decision to uphold Miss N's complaint, for much of the same reasons as the Investigator.

I have read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

I have firstly considered the terms and conditions of Miss N's account to understand whether it was fair and reasonable of Barclays to have removed the overdraft. The terms and conditions allow Barclays to make changes to the overdraft limit, so I can't fairly conclude that it has acted outside of its terms and conditions. I can see that Miss N was provided with more than 30 days' notice of the reduction on this occasion, so I'm also persuaded it gave her fair warning.

Barclays has a responsibility to ensure that it is only lending amounts that are affordable. Because of this, it will periodically review customers' accounts to ensure that the amount of credit it is offering is suitable, and within what it deems to be an acceptable risk. Barclays said that it decided to reduce the limit due to the income and expenditure on the account, and that the limit it currently provided was higher than it might have offered if she'd applied at the time of the letter.

Given that Barclays has obligations as a responsible lender, I don't think its decision here was unreasonable. It is also up to Barclays to make a commercial decision in deciding what risk it is prepared to take when providing credit to a customer. This Service wouldn't generally interfere with a firm's commercial decision, as long as it appears to be fair. And given the reasons provided by Barclays for its decision, I can't reasonably conclude that its decision to reduce the limit was unfair.

Barclays made a mistake when it sent Miss N the letter on 24 September 2024, letting her know that it wouldn't be removing her overdraft. And this understandably misled Miss N into thinking that her overdraft would continue, which didn't turn out to be the case. Ultimately, this has caused Miss N distress and inconvenience when she later found out the overdraft had in fact been removed. So I agree that Barclays should pay Miss N something for the distress and inconvenience caused by the miscommunication – I will cover this off later in this decision as to what I think would be a fair amount.

I have listened to the calls Miss N had with Barclays towards the end of December 2024. Clearly Miss N was distressed and unhappy during the calls. I do think the agents who spoke to Miss N were genuinely trying to help her, but on occasion, they could have been handled things better.

I know Miss N is disappointed that Barclays didn't provide her with emergency cash or help, as she asked it to, even though she told it she was getting paid soon after. I have thought about this, but Barclays don't offer an 'emergency cash' service, so she hasn't been treated differently to any other customers in similar financial positions. I accept that the issue here might well have been down to Barclays removing the overdraft when she wasn't expecting it to, but it doesn't automatically follow that I'd expect Barclays to provide Miss N with a service it simply doesn't offer. Barclays has explained that the only lending it would provide in these circumstances is an overdraft, and the decision here wouldn't have been immediate enough to help Miss N in the situation she was in. That's because a decision would need to be made by underwriters. I don't find this to be unreasonable.

Miss N has also raised concerns that she wasn't able to speak to a manager. I don't think it was unreasonable that there wasn't a manager available to speak to Miss N at the time she wanted. It appears that Miss N wanted to speak to a manager because she thought a manager would have more power to be able to help her, but I don't think this is likely the case in the circumstances of what's happened here. Miss N was told by the agents she spoke to that a manager wouldn't give her any different information or be able to do anything differently to what they were already doing, and I'm persuaded this was likely the case. Miss N was provided with reasonable answers to her questions during the calls she had with the agents. And I'm satisfied the agents did do what they could to help Miss N during the calls. I don't think it was unreasonable that Miss N wasn't able to speak to a manager, and I don't think she's lost out as a result of not being able to speak to one.

Given that I've found that Barclays communication around the removal of the overdraft was misleading, and the call from December 2024 could have been handled better, I'm satisfied that Barclays should pay Miss N some compensation for the distress and inconvenience caused to her.

I note that Miss N did try and reapply for an overdraft facility again in March 2025. The application didn't go through because Miss N wasn't eligible for a limit. I've asked Barclays some questions about this. It has explained that Miss N's application wasn't processed due to affordability reasons. Again, I don't find this to be unfair or unreasonable given that I wouldn't expect Barclays to agree to lend to Miss N, when the information it holds about her suggests that an overdraft wouldn't be affordable.

Putting things right

It's seldom straightforward to decide on appropriate levels of compensation for non-financial losses. Not least because the impact on the consumer will be, by its very nature, subjective and difficult to quantify. In this case, I have considered the overall impact to Miss N. When deciding on fair compensation, I have taken Miss N's comments into account, together with our published approach to compensation for distress and inconvenience, which can be found on our website. Having done so, I'm satisfied that £225 is a fair way to compensate Miss N.

And so, Barclaycard should pay Miss N £225 for the distress and inconvenience caused to her, if it hasn't done so already.

My final decision

For the reasons set out above, I uphold Miss N's complaint. I order Barclays Bank UK PLC

trading as Barclays to put things right for Miss N by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 4 November 2025.

Sophie Wilkinson
Ombudsman