

The complaint

Mr S complains as a director of A, a limited company, that Barclays Bank UK PLC unfairly restricted A's account and refused to give an extension to its overdraft facility.

What happened

A had a £3,000 overdraft facility with Barclays which it had had since 2021. From October 2024, the account started to exceed its agreed overdraft. A also stopped paying the repayments on a bounce back loan. Barclays sent a number of letters advising of both matters.

Mr S contacted Barclays and asked for an extension to the overdraft facility. However, as Barclays noted that no credits were coming into the account, it wasn't able to grant this. It applied a 30-day self-help hold on the account in December 2024 which meant that Barclays wouldn't contact Mr S about the repayments during that time. In February 2025 Barclays sent a final demand for repayment of the overdraft. It thereafter restricted the account.

Mr S told Barclays that he was suffering from ill health and if the account was restricted, he couldn't run the business. He also said that Barclays was increasing the overdraft by adding the payments owed to it.

Barclays admitted that there were some elements of poor service in the way it dealt with Mr S. It firstly paid the £50 compensation into the business account instead of into Mr S's personal account. It then told him that another 30 days self-help hold would be applied, when this was not the case. It then paid £150 compensation into Mr S's personal account. However, the account was then moved to its recovery department for collection.

On referral to the Financial Ombudsman Service, our Investigator said that Barclays had acted fairly and in line with the terms and conditions (Ts & Cs) of the account that both A and Mr S had agreed to.

Mr S didn't agree and the matter has been passed to me for an Ombudsman review.

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.

To reiterate what our Investigator has said, the complainant is A and Mr S complains as representative of the company. I can only award compensation for financial losses or inconvenience caused to A through Mr S.

Firstly, I note that A's account started to exceed its overdraft facility regularly from October 2024. Before that Barclays informed us that A kept within its overdraft and received regular credits into the account. Keeping in mind that A is a limited company when considering the overdraft facility Barclays had to take into account the likelihood of it being repaid. To that extent unfortunately Barclays was unable to take into account Mr S's

personal issues if the company wasn't receiving enough income to be able to repay any overdraft. I appreciate that this would be different if this was a personal liability. So I don't think that Barclays acted unfairly in declining to increase the overdraft facility.

The Ts and Cs for the account allow Barclays to restrict or close an account. Mr S complains that he agreed to these some time ago. But I also understand that Barclays sent to A regular updates of its Ts and Cs, the latest one being in January 2025. I've noted that it sent a number of letters requesting the payments on the loan and the overdraft. And whilst Mr S has told us that he contacted Barclays about the account, I can't see that he was able to offer satisfactory terms for repayment if A wasn't receiving income.

I understand Mr S feels Barclays took its repayments for the overdraft interest and the loan and added it to the overdraft. But, considering the statements I don't think that payments owed to Barclays caused the overdraft to be exceeded. There were a number of other payments coming out of the account including payments on another loan. Mr S indicated to Barclays that it had agreed to refund the payments owed to it, but I haven't seen evidence of this. He didn't raise it in his complaint to us.

In respect of the customer service provided, I understand that Barclays agreed this was poor in some respects. Whilst it paid the £50 compensation to the business account, I wouldn't be able to require Barclays to make a personal payment. I think the payment of the further £150 compensation is fair and reasonable.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 14 October 2025.

Ray Lawley
Ombudsman