

The complaint

Ms F is unhappy with the way Barclays Bank UK PLC (“Barclays”) handled her claim that:

- a hire car merchant took additional card payments in error, and
- direct debit payments for car insurance continued after she no longer had the vehicle.

She’s also unhappy that Barclays used her benefits payments towards the debt created by the duplicated transactions, and closed her account.

What happened

In 2021 Ms F hired a car using her Barclays debit card. Between July and November 2021 the car hire company processed 30 card payments totalling just under £9,500 – with most of those being put through on two separate days. On 2 September 2021 eight payments coming to almost £2,000 were debited from Ms F’s Barclays account. She called Barclays twice to query the transactions, and the bank said it would raise disputes as some did appear to be duplicates.

Ms F also told Barclays that her car insurance direct debits were still being taken even though she no longer had the vehicle. Barclays said it would raise an indemnity for the overpayments. Ms F mentioned during one of the calls that she was struggling to articulate or make sense of things due to memory issues, caused by a head injury.

On 23 November 2021 the car hire company put through 20 more card transactions totalling over £6,700. Another car insurance direct debit payment went out as well. That put Ms F into an unauthorised overdraft of around £5,000, and unable to access her disability benefit payments. She called Barclays a couple of times to dispute the transactions, but raised a complaint when she didn’t feel like the bank were helping her.

Ms F asked if someone from the relevant team could speak to her urgently about the transactions and account position, particularly given her circumstances were making it more difficult. Barclays initially treated the matter as a fraud claim and sent Ms F a form to complete. The bank also gave a temporary refund of some of the payments. Barclays wasn’t able to speak to Ms F, but sent a letter saying the complaint had been resolved.

In January 2022 Ms F complained to Barclays again that she wasn’t able to access her benefits payments, and the bank authorised her to take some out as cash in branch. A final response was sent, which said it allowed the cash withdrawal because she was “liaising with the fraud team” about the transactions that had taken her overdrawn. Barclays also redebited the payments it had temporarily refunded, as it hadn’t received the completed fraud form back from Ms F.

In June 2022 Barclays sent a demand for the full repayment of the overdrawn balance, and let Ms F know it would be closing the account. She called in after receiving that letter to complain that nothing had been done about the transactions since she’d first disputed them. Another final response was sent in July 2022, which said the position had not changed from when the bank first looked at a complaint in December 2021. The letter advised Ms F to

contact our service if she remained unhappy. In November 2022 Ms F chased a response to her complaint and Barclays emailed a copy of the July 2022 letter to her.

In August 2023 Ms F contacted our service by phone to say she still hadn't received a final response from Barclays. She called us from a branch, having been giving our number by staff. We set up a case, but Barclays initially said the complaint had been brought to us too late, as Ms F has contacted us after the six month deadline given in the final response. I decided there were exceptional circumstances explaining the delay, meaning the complaint was one we could still look at.

One of our investigators thought Barclays hadn't made the appropriate reasonable adjustments when handling Ms F's initial concerns about the transactions or the later complaints raised. That had meant the problems hadn't been sorted at the time, and she hadn't known what was happening. But given the time that had passed it was now difficult to know which of the car hire transactions were incorrectly charged, as the merchant no longer had details on that. The investigator said the car insurance direct debit payments had gone to the company that provided the credit covering the annual premium – so any refund due on the policy for no longer having the car would need to be taken up with the insurer.

The investigator thought Barclays should refund all of the benefits payments swallowed up by the unauthorised overdraft that Ms F hadn't already been paid, plus interest. The investigator also recommended £750 compensation be paid for the impact of the bank's mistakes on an already vulnerable customer. The view said the outstanding debt should be wiped too.

Ms F initially accepted that resolution, and Barclays paid her £3,868.90 (covering the missing benefits payments, plus interest, plus the compensation. It also wrote off the unauthorised overdraft debt of around £2,400. Ms F later realised she'd misunderstood our recommendation and argued that she had still lost out overall, given the amount she believed had been incorrectly paid towards the car hire. She was also unhappy about the account closure, and the impact that would continue to have on her credit file, and didn't feel that had been addressed.

A second investigator liaised with Barclays, and the bank explained that it wasn't possible to re-open Ms F's account on the system due to the time that had passed. But in the spirit of trying to resolve things for her, Barclays said it would be willing to pay £2,729.03 towards the car hire charges as a gesture of goodwill. Ms F said that would be an acceptable resolution to her, but wanted an ombudsman to check over the case and issue a decision to bring finality to the matter. So the complaint was passed to me.

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.

Barclays has accepted it made mistakes in its handling of Ms F's concerns, and the difficulties she encounters due to her head injury meant she was particularly impacted. It's now not possible to know which of the car hire charges were legitimate. But had things been handled with the appropriate care in 2021 I'm confident that would have been established, and Ms F's account wouldn't have been closed in the way it was. She had the funds to cover the correct car hire charges. I don't plan to go into too much detail on that though, given the parties have largely now agreed on how to resolve things.

I do really appreciate the bank's willingness to try and resolve things for Ms F with its latest goodwill gesture – and that payment will certainly mean that she hasn't been financially disadvantaged by what happened. The total amount that will have been refunded or wiped by Barclays isn't much less than the total taken by the car hire merchant. The compensation figure already paid also recognises the serious level of distress that's been caused.

While I don't think the direct debit issue was handled as it should have been at the time, I also don't think an indemnity claim would have succeeded. Those amounts were always owed to the finance company, and any rebate on the underlying policy would need to have come from the insurer. Ms F has since received a part refund of that insurance policy, and is pursuing matters under a separate case. I also consider Barclays' handling of that claim was included in the compensation calculations, so I don't think the bank needs to take further action to resolve that issue.

I've spoken to Ms F and she accepts the account can't be re-opened now, and banks elsewhere anyway. I appreciate her position was a point of principle, and I agree that the closure shouldn't have needed to happen. The significant inconvenience of having to make alternative banking arrangements has already been factored into the award, so I'm not directing Barclays to do anything else in respect of the account being closed.

The only outstanding issue is the ongoing effect that the default (applied for the unauthorised overdraft amount) will have on Ms F's credit file. As I've mentioned, I don't think the account would have closed with an outstanding balance had Ms F's circumstances been recognised, and the claims handled correctly. So it follows that a default also likely wouldn't have been registered had the mistakes not happened.

Barclays has written off that debt, which I think does appropriately acknowledge Ms F current circumstances and the impact of her condition. I've decided that for the same reasons it would be fair for Barclays to also remove the default recorded with the Credit Reference Agencies. I appreciate Ms F has lived with that record for some years now, but I consider the overall redress to be paid by Barclays sufficiently compensates her for any impact caused.

I recognise that getting to this point has been a very long process, and I thank both parties for their patience while we investigated. I'm particularly aware of how distressing Ms F has found pursuing matters. So I hope this decision means the parties are now able to draw a line under this complaint, and that this has brought some closure for Ms F.

Putting things right

In order to resolve the complaint, Barclays should now:

- Pay the goodwill gesture of £2,729.03 to Ms F's nominated bank account;
- Remove the default registered with the Credit Reference Agencies, in relation to the unauthorised overdraft balance.

My final decision

I've decided to uphold Ms F's complaint against Barclays Bank UK PLC, and direct the bank to settle the complaint in line with what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 1 April 2026.

Ryan Miles
Ombudsman