

complaint

Ms M complains that Barclays Bank Plc have treated her unfairly from when she went on extended sick leave in 2010. She says this has resulted in her being chased for a debt she shouldn't owe.

background

Ms M held a current account with Barclays. In 2010 she contacted them to say she was going on extended sick leave and so may have financial difficulties. She said they didn't offer her any advice or assistance. She says that Barclays added an overdraft without telling her, but that they compensated her for this when she complained. Ms M said she had other problems, including not receiving bank statements in the format or timeframe she wanted.

Ms M says Barclays started adding charges and interest to her account when she was in receipt of job seekers allowance, which she didn't think they could do. So she called to complain in July 2015.

During that call Ms M says it was agreed she would pay £1,000 into the account and that no further interest or charges would be added until the disputed charges had been investigated and any inappropriate charges were credited to her account. She explains that once this had been done, she would've settled any balance owed. She transferred £1,100 into the account and awaited the outcome. Ms M says she never got a response about the investigation and Barclays started adding charges again.

Barclays agrees the call took place. But they say they agreed to refund £178.50 in charges and to stop interest or charges being added for a month to allow Ms M breathing room to get her finances back on track. Barclays says that they offered to set up a complaint but Ms M didn't have the relevant paperwork in front of her so she'd call back.

Barclays says it sent ten letters to Ms M between 2015 and 2016 which told her the position of the account at the time and provided options for help and support. These included letters saying she was not paying money into the account and advising her that the overdraft would be cancelled if this continued, along with reminder letters when Ms M continued not to pay into the account. There were also letters noting that Ms M had recently incurred charges on her account and outlining the assistance available from Barclays to help her manage her money.

Barclays then wrote to Ms M in March 2016 to let her know that her overdraft was being cancelled and requesting repayment of the debt. They wrote to her asking for payment again in April 2016. When no payment was received, a termination notice was issued in June 2016 with effect from July 2016. This demanded that full and immediate payment was made and said the account would be passed to their debt collectors if payment wasn't received. The debt was passed to a third party debt collection agency in October 2016, then passed to another third party debt collector in March 2017. Ms M says the debt collection agency has harassed her and this has impacted on her health.

Ms M complained to us directly about matters in April 2017 and Barclays were happy for us to become involved straight away. Our investigator looked into the points Ms M raised and was of the view that Barclays hadn't done anything wrong. She felt that Barclays had been entitled to add charges and interest. She felt Barclays had done enough by refunding some

charges and freezing interest for 30 days, and sending the letters to Ms M before selling off the debt.

Ms M disagreed with this view. She said the call handler in July 2015 had led her to believe an investigation was going to take place, and she wasn't told to write in. She said paying in the £1,100 demonstrated she was fulfilling her agreement with the call handler. She raised the lack of communication from Barclays. Ms M asked for an ombudsman to make a decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I think it's clear Ms M has had some financial difficulties. We expect financial businesses to be sympathetic and positive when dealing with a customer's financial difficulties. So I've got to assess whether Barclays acted appropriately whilst Ms M was experiencing hardship.

I think the main difficulty between Ms M and Barclays arose when she started being charged fees and interest on her account.

Barclays were entitled to charge Ms M fees for going into her overdraft, even if she was in receipt of benefits. The law doesn't prohibit this, and her terms and conditions allowed for it. I think it was apparent to Barclays that Ms M's financial situation had changed. But this does not necessarily mean it must automatically suspend all charges or refund all of the charges it has applied. It might mean instead coming to some mutually agreeable arrangement about the debt, such as developing a repayment plan.

After the phone call in July 2015, Barclays refunded £178.50 in charges and set up a 30 day suspension on charges and interest as well as an overdraft reduction. It's clear this was to give Ms M some breathing space to sort out her finances to get the debt repaid. I think that Barclays were trying to act sympathetically as they are required to do and I don't consider this to have been unreasonable.

As Ms M and Barclays gave different accounts of what was said on the phone call in 2015, I need to decide on the balance of probabilities what was most likely to have been discussed based on what both sides can remember now. I think it's clear from the notes from Barclays that Ms M didn't set up a formal complaint because she didn't have the right paperwork in front of her. But I empathise with Ms M because I think she took a different interpretation of the call. Ms M did transfer £1,100 into her account as she thought had been arranged. But I've not seen anything to suggest that Ms M got in touch with them at any time after this point, so I can't see that Barclays would've been aware of the misinterpretation by Ms M.

From what I've seen, Barclays wrote to Ms M numerous times after the call to notify her of the position of her account, the risk of removal of overdraft, and outlining the assistance they could offer if she needed help managing her money. The letters were correctly addressed and Ms M hasn't said that she didn't receive them. So I think Ms M ought to have been aware that the investigation she thought had been agreed over the phone hadn't taken place.

I don't think it was unreasonable for Barclays to write to Ms M as she was not paying money into the account and the only call she made to Barclays throughout this period was the call in July 2015.

As Ms M didn't get in touch with them to take up their offer of assistance, or update them on her position in any way, there was little more that Barclays could've done to help her at this time.

The overdraft balance was passed on to two third party debt collection agencies. Barclays are entitled to take reasonable steps to recover a debt. And I think Barclays felt it was appropriate to do so in this case because it couldn't get the answers it needed to try and help Ms M further. I'd expect the debt collection agency to follow the rules set by the regulator when seeking repayment, and suggest that Ms M should address her concerns to the debt collector for further investigation if she doesn't think they've done so.

I think in the circumstances Barclays tried to help as much as it could. And it gave Ms M enough warning that something needed to be done about the overdraft balance before it defaulted the account.

For these reasons, while I realise Ms M will be disappointed, I don't think Barclays has acted unreasonably.

my final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 26 March 2018.

Katherine Jones
Ombudsman