

complaint

Mr V complains Barclays Bank Plc:

1. set off his payment protection insurance (PPI) refund against joint debt;
2. sold his debt to a third party collector;
3. misused his debit card details;
4. defaulted his Barclaycard account; and
5. applied unfair penalty charges.

background

In 2012 Mr V's Barclays current account was transferred to recoveries. Then the bank used some of the money from his successful PPI claim to pay off the overdraft. In June 2013 Barclays took £1 via his debit card with a third party bank. And it sold his Barclaycard debt to a third party debt collector. Mr V says he didn't authorise the payment. And he considers the bank was wrong to default his account and sell the debt - as he was making token repayments.

Barclays says it was entitled to apply charges, exercise its right of set-off and sell on Mr V's debt. And Mr V agreed to the £1 payment some months earlier.

Our adjudicator didn't recommend the complaint should be upheld. He says Barclays' terms and conditions allowed the bank to set-off, sell the debt and apply charges. And he considers Mr V consented to the £1 payment – which Barclays has refunded anyway, as a gesture of goodwill. So Mr V hasn't suffered any financial loss.

Mr V disagrees. He says he shouldn't have to deal with third party debt collectors he has no contract with. And he wants Barclays to produce a copy of the terms and conditions he signed.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I can see Mr V is upset and frustrated by what has happened. And I want to assure him I have taken into account everything he has said.

I appreciate Mr V wants a signed copy of Barclays' terms and conditions. But high street banks contract with customers on standard terms. And customers are notified about these when accounts are opened - and throughout the relationship with the bank. So, I'm satisfied (in order to open and operate his accounts) Mr V would have been notified of, had access to and agreed to be bound by Barclays' standard terms and conditions.

I've reviewed the relevant terms and conditions¹. And I'm satisfied they entitle Barclays to use money it owed Mr V to repay his debt to the bank, apply interest and charges and sell Mr V's debt to a third party collector. So I must consider whether the bank did so properly.

set off

Barclays used Mr V's PPI settlement to repay his joint account overdraft. He says this is unfair because it was a joint debt. But joint account holders are each liable individually for

¹ These have been set out in detail in our adjudicator's view so I haven't repeated them here

any debt on the joint account - under their "joint and several" liability. So I'm not persuaded Barclays was wrong to set off the debt in this way.

debit card payment

Mr V considers Barclays stole the details of his debit card with a third party bank. As the token £1 payment was taken two days after he used the card in Barclays for an unrelated transaction. But I have reviewed the bank's records. And I'm satisfied Mr V gave the card details to Barclays several months earlier - when he wanted to set up token repayments.

selling the debt

I understand Mr V would prefer to continue to deal with Barclays. But I've already found Barclays was entitled to transfer the debt. And third party debt collectors generally have more flexibility than banks to negotiate debt repayment. So I consider this was a positive step and I can't reasonably find Barclays was wrong to sell on Mr V's debt.

default

Mr V says the bank shouldn't have applied a default because he was making repayments. And banks should respond positively and sympathetically to financial difficulties. But this doesn't mean Barclays had to accept token repayments. And the default froze charges and interest and stopped Mr V's debt from increasing further. So I consider this was a sympathetic and positive response. And I can't reasonably criticise Barclays because of it.

charges

I appreciate Mr V says charges are unfair and amount to penalties. But, as our adjudicator has explained, following the decision of the Supreme Court in 2009 bank charges can't be challenged because of these grounds. So I can't reasonably find Barclays was wrong to apply them.

I realise this will disappoint Mr V, as it's not the outcome he hoped for, but in view of my findings above I can't fairly find Barclays has done anything wrong.

my final decision

My decision is that I do not uphold this complaint.

Claire Jackson
ombudsman