

complaint

Ms P complains that Barclays Bank PLC applied unfair charges to her account which compounded her financial difficulties.

background

Ms P opened a student account with Barclays in 1998. She first got into financial difficulties in 2008 due to a change in her personal circumstances, and complained to Barclays about its charges in October 2012. Barclays did not uphold Ms P's complaint. It explained that the Supreme Court ruling in 2009 meant charges could not be challenged because they're unfair. However, it made recommendations that it said would help Ms P to minimise charges. Ms P says she followed Barclays's advice but it offered her no assistance.

In October 2015, Ms P contacted Barclays again about the charges, and, after a delay in responding, it again failed to uphold her complaint. It referred Ms P to the alternative services it had already recommended.

Our adjudicator recommended the complaint should be upheld in part. He was satisfied that Barclays had applied the charges correctly and could find little evidence that Ms P had taken the bank's advice on ways to reduce them. However, he accepted there had been a delay in responding to Ms P's complaint and that the bank had sent a letter to an old address. He recommended Barclays should pay Ms P £50 for this, to which it has agreed.

Ms P responded to say, in summary that:

- She was not told when her account changed from being a student account
- She had to take a loan out in 2010 to pay off creditors
- She had called Barclays's Customer Review Team in 2012 but it offered her no help
- Barclays didn't offer to cancel her reserve facility in order to help reduce charges
- She could not properly manage her account due to pending charges not being reflected in her account balance
- She was able to obtain borrowing from other banks, but Barclays would not increase her overdraft or set up a loan
- If Barclays had sent one letter to an old address, she may not have received other important information about her account
- There is no doubt the charges have compounded her financial difficulties given how much she is paying relative to her income

my findings

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

As Barclays explained, the Supreme Court's ruling in 2009 means bank charges cannot be challenged because they're too high or unfair. I've seen Ms P's statements and I'm satisfied the charges have been correctly applied and are in line with the terms and conditions.

However, banks also have an obligation to respond to customers in financial difficulty positively and sympathetically. I have seen Barclays's final response letter in 2012 and, although it says Ms P's spending is "*not indicative of someone in financial difficulties*" I can see it has suggested Ms P contact its Customer Review Team. It has also identified several possible solutions to the ongoing charges, including the cancellation of the reserve facility.

That said, I accept Ms P says her spending is misleading because of the expenses she incurs in her line of work and that Barclays was unable to offer her any assistance when she called in 2012. Although Barclays says it has no record of a call from Ms P at this time, I have no reason to doubt she did so.

I have seen evidence that other banks have offered Ms P further borrowing, but I cannot say Barclays was wrong if it declined such applications. A bank is entitled to use its own commercial judgement when making lending decisions so I cannot conclude Barclays made a mistake if it refused to extend Ms P's overdraft or offer her a loan.

I acknowledge Ms P says she didn't know when the account changed from being a student account and, therefore, wasn't aware of increased charges. Barclays has confirmed this happened in early 2004, but, due to the passage of time, it has no record of Ms P being informed. Nevertheless, I think it is likely a letter was sent to Ms P at the time and, even if it wasn't, I don't consider Ms P could reasonably have expected the account to remain a student/graduate account indefinitely.

In summary, I am satisfied that Barclays has met its obligation to respond positively and sympathetically to Ms P's financial difficulties. It suggested several options for Ms P to reduce her charges, including cancelling the reserve facility. Although I cannot conclude Barclays was wrong to refuse an overdraft extension or a loan to Ms P, I cannot see she has contacted Barclays recently to discuss other repayment options. I would encourage Ms P to do so, although I note she is now in contact with a debt advisor.

Nevertheless, I do find there was an unnecessary delay in responding to Ms P's complaint in 2015. Much like the adjudicator, I consider compensation of £50 for this is fair and reasonable and Barclays has agreed to this recommendation.

my final decision

My decision is that Barclays Bank PLC should pay Ms P £50 for delays in responding to her complaint, as it has offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 11 April 2016.

Amanda Williams
ombudsman