

complaint

Mr R complained because Barclays Bank PLC returned payments which were intended for his debt management plan. He wants Barclays to clear his outstanding balance.

background

Mr R had a debt management plan with Barclays. It was run for him by a debt charity. But the debt charity had the wrong reference number for Mr R's account, so the payments it made to Barclays on Mr R's behalf bounced. The debt charity then applied the returned money to Mr R's other debts.

Barclays closed Mr R's account and sent it to the bank's recoveries unit in October 2012. In 2013, he got in touch with Barclays about the debt charity's payments not reaching his account. After his call, Barclays told the debt charity the right number, and the charity confirmed this. Mr R got in touch with Barclays when it happened again, and in 2015 and 2016 the bank again told the debt charity the right numbers, which it acknowledged. But the bank still didn't receive Mr R's payments regularly. It received only three payments after October 2012, for different amounts ranging from £25 to £115.87.

In autumn 2016 Mr R complained. He pointed out he'd tried to resolve this on several occasions. He said that Barclays hadn't told him when payments had been missed, and that the bank had told his debt charity that his account had been closed. Mr R told Barclays that as a resolution he wanted the bank to clear his outstanding debt.

Barclays agreed that Mr R had tried to resolve the problem, and that each time it had confirmed the correct reference to Mr R's debt charity. But the payments still hadn't been coming in. Barclays said it hadn't told the debt charity Mr R's account had been closed. But it suggested that if the debt charity had asked Barclays using the wrong reference number, the bank might have replied the case had been closed. Barclays also said that in January 2015, it had talked to Mr R about getting back the payments he'd made to the debt charity which hadn't been passed on. Barclays had said it could then look at a final agreement on the outstanding debt, but Mr R hadn't got back with the information about this.

Barclays apologised for not getting in touch when payments had been missed, and it offered Mr R £300 compensation for the inconvenience he'd suffered.

Mr R wasn't satisfied and complained to this service.

The adjudicator didn't uphold Mr R's complaint. She agreed that Barclays should have handled this better. And as the bank hadn't had Mr R's payments, his account should have been transferred to a debt collection agency. If that had happened, Mr R would have been made aware of the missing payments. For some reason, this hadn't happened.

But the adjudicator pointed out that Mr R hadn't lost out because the debt charity had used the returned money to pay off some of Mr R's other debts faster than they would otherwise have been paid. And Barclays had sent confirmation of Mr R's account number to the debt charity three times, but the charity hadn't corrected its reference. So the adjudicator thought £300 was fair compensation.

Mr R was still unhappy. He said it wasn't fair to blame the debt charity, and Barclays should have got in touch with him about the missing payments. He said Barclays shouldn't have told

the debt charity his account had been closed. Mr R thought it wasn't relevant what had happened with his other debts. He pointed out that his total debt balance would increase if the Barclays debt was added to his other debts, and this was a financial disadvantage. He said the compensation wasn't reasonable because the bank had failed across a variety of its functions including account systems and customer service.

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 can understand that Mr R was frustrated that his payments hadn't been reaching his Barclays debt, especially when he'd chased it up more than once. I find that Barclays failed to pass Mr R's account to a debt collection agency, which would have ensured he'd have been contacted. The fact that Barclays didn't contact Mr R about the missing payments meant the problem went on for longer than it should have done.

But Barclays wasn't responsible for the main problem – the missing payments. It's strange that three payments got through between 2013 and 2016, and others didn't, but I accept that Barclays did tell Mr R's debt charity the right numbers, and more than once. Mr R thinks it's unfair to blame a debt charity when Barclays is a regulated bank. But it's down to the sender of the payment to make sure the right number is quoted on any payment it sends – not the bank receiving the payments. I find the bank wasn't responsible for the fact the incoming payments quoted the wrong number and bounced.

I've also looked at Mr R's debt charity saying Barclays told it that Mr R's account had been closed. I consider that what's most likely to have happened is that the debt charity quoted the wrong number, which it was using for payments. There wouldn't have been a record of this wrong number. So I find that this wasn't a mistake by Barclays, but crossed wires when a wrong number was quoted.

So I find that what Barclays did wrong in Mr R's case was not telling him it hadn't had his payments.

I've gone on to look at what compensation is fair and reasonable for Barclays not telling Mr R it hadn't received his payments. When we look at compensation, we look at the impact on the consumer, and try and put them back to where they'd have been if the mistake hadn't happened. Mr R doesn't think it's right that I should consider what happened to the money which bounced and didn't credit his Barclays debt. He argues that the rest of his total debt plan balance is now below £1,000 and that adding what he owes Barclays debt would increase it again. He says this is a financial disadvantage.

But that money went to Mr R's other debts, which were paid off faster than they would otherwise have been. So I find that the bank's failure to notify Mr R didn't disadvantage him financially.

Barclays has offered Mr R £300 and I consider that's fair and reasonable compensation. This reflects the fact that the problem went on for some years, and Mr R had the inconvenience of having to chase this up. It wouldn't be right to order Barclays to clear or reduce Mr R's outstanding balance. This is because it wasn't the bank's fault that payments sent by the debt charity quoted the wrong number, and Mr R wasn't financially disadvantaged by the bank's failure to tell him about the missing payments.

my final decision

My final decision is that I do not uphold this complaint. I leave it to Mr R to decide whether or not to go back to Barclays to accept its offer of £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 21 March 2017.

Belinda Knight
ombudsman