

## **complaint**

B, a limited company, complains that Barclays Bank plc mistakenly told it that its overdraft debt had been written-off. Although the bank subsequently realised its error and clarified the position, which was that it had not been, B says that it should honour the write-off.

## **background**

B had an overdraft with the bank, and on finding itself in financial difficulties was unable to pay it back in full. Its partial offer of settlement was declined by the bank, and a member of management staff told B at a meeting that the debt had in fact been written-off.

Following the meeting B wrote to the bank seeking confirmation of this position in writing, but its letter was initially ignored. On sending a subsequent letter the bank telephoned B to advise that the debt was not in fact written-off, and that it had been given incorrect information in this respect. It also confirmed that the debt had in fact been passed on to a collections agency.

B complained to the bank, insisting that it stand by its claim that the debt would be written-off. The bank declined to do so, accepting that it had not handled matters well and that clearer information ought to have been provided, and offering £150 in compensation. This offer was rejected, and on further consideration of the bad handling of the initial complaint the bank increased it to £250. This too was rejected.

The complaint was then brought to this service. An adjudicator was of the view that the bank had erred initially in providing incorrect information to B, but that that error had been admitted and the correct information provided. As B had had the benefit of the borrowing, that borrowing still required to be repaid, and therefore the complaint could not be upheld.

B does not accept this view. It continues to seek a full write-off of the overdraft debt. It sought referral to an ombudsman.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

It is clear that the bank made a significant mistake in initially telling B that it was going to write-off the overdraft. It can be further criticised for failing to reply to B's first letter seeking confirmation of that position. There is no doubt that such an error will have caused a great deal of upset and distress for the directors of B during what was already a difficult time.

That said, I note that the information was corrected within a few weeks. The bank readily accepted that a mistake had been made, apologised for it, and made a compensatory offer for the upset and inconvenience caused.

I find that B had the benefit of the overdraft funds. It had sufficient funds to make an offer in partial repayment of that borrowing. The bank was entitled to make a commercial decision on whether to accept that offer, and it chose not to do so.

I do not accept the proposition that because a member of bank staff made a mistake in stating that a debt is to be written-off, that this commits the bank to that course of action.

This is particularly so where it is clear, and admitted, that an error has been made. The bank has not tried to conceal its error. The consequence of the provision of the misinformation has caused confusion to B, but the money nonetheless is still owed to the bank.

I agree with the adjudicator that it would be neither fair nor reasonable for me to hold that the bank requires to write-off the debt simply because it mistakenly said that it would do so. Poor service has most certainly been a factor in this complaint, and I believe that the compensatory offer of £250 is reasonable.

**my final decision**

I do not uphold the complaint. The bank is not required to write-off the overdraft debt, and an authorised company officer of B is invited to consider whether to accept the bank's offer of £250.

Ashley L B More  
**ombudsman**