

complaint

Mr J's mother (Mrs K) complains, on behalf of Mr J, that Barclays Bank PLC allowed her son to become overdrawn, even though it knew he had an illness that affected his financial judgement and his account had no overdraft facility.

background

When Mr J made almost 20 payments to an online gambling business in February 2014, Barclays allowed the transactions as Mr J had been paid that day and had sufficient money in his account. Mr J then reported the transactions as fraudulent later that day and Barclays held the payments in a suspense account whilst it investigated. The transactions then debited Mr J's account a month later, causing it to become significantly overdrawn.

Our adjudicator recommended that the complaint should be upheld. She found that Barclays had previously been informed of Mr J's illness and had agreed not to pursue him for an outstanding Barclaycard debt in May 2013. She also considered it unreasonable of Barclays to allow payments to debit Mr J's account when doing so allowed the account to go overdrawn especially as Mr J had a basic bank account to prevent exactly that. She recommended that Barclays should waive the outstanding debt.

Barclays responded to say, in summary, that it did not know about Mr J's illness as Barclaycard is a separate legal entity to Barclays Bank. It also said that Mr J's account had enough money in it at the time the transactions were made.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr J and to Barclays on 5 March 2015. I summarise my findings:

- I did not consider that Barclays should have blocked the transactions as they would not have caused the account to go overdrawn at the time.
- I found it reasonable that the transactions did not immediately debit Mr J's account once he reported them as fraudulent.
- Once Barclays had completed its investigation and concluded that the transactions were not fraudulent, I did not consider it did anything wrong by applying the debits to Mr J's account at that stage.
- I considered it reasonable for Mrs K to assume that Barclays would have been aware of the information she provided to Barclaycard.
- However, even if Barclays did know about Mr J's illness, I did not think it fair or reasonable to expect it to make a judgement about the nature of the expenditure and block the transactions when there was enough money in the account.

Subject to any further representations by Mr J or Barclays, my provisional decision was that I was minded not to uphold the complaint.

Barclays had nothing further to add.

Mrs K, on behalf of Mr J, did not accept my provisional decision. She said, in summary:

- She appreciated that Barclays did not know about her son's condition, but that she had not been told that Barclaycard was a separate entity.

- That by the time Barclays allowed the transactions to debit her son's account, he had insufficient money to cover them.
- She said that her son had a basic bank account and it should not have been allowed to go overdrawn as he then could not afford to pay priority bills.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. The further representations that Mrs K has made do not alter my opinion about what would be the fair outcome to this complaint.

I understand why Mrs K would assume that Barclays would know about her son's condition as she had notified Barclaycard and it is reasonable to think they are the same company. However, even if Barclays did know about Mr J's condition, I still cannot conclude that it should have done anything differently.

When Barclays authorised the transactions, Mr J had enough money in the account and, therefore, I do not consider it should have blocked them at that stage. When Mr J informed Barclays that the transactions were fraudulent, I think it acted reasonably by not debiting his account immediately, thereby allowing other priority bills to be paid. However, once Barclays completed its investigation and established that Mr J made the payments himself (which is accepted by him and Mrs K), I cannot conclude that the payments should not have then debited Mr J's account. I accept that took Mr J's account overdrawn, but I do not consider Barclays should have done anything differently.

Nevertheless, I acknowledge that Mr J is now in financial difficulties. Barclays has an obligation to treat customers in financial hardship positively and sympathetically and, as I stated in my provisional decision, if Mr J feels that is not the case, he is entitled to make a further complaint.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr J to accept or reject my decision before 22 May 2015.

Amanda Williams
ombudsman