

complaint

Mr F, on behalf of the estate of the late Mrs F, complains that Barclays Bank Plc has not acted reasonably, in that it used funds it held on behalf of the estate to clear debts owed to it, meaning there was not money left to cover funeral costs. He also complains that he received misleading information and poor customer service from Barclays regarding this matter.

background

Mrs F passed away in May 2016. After being notified of her death, Barclays wrote to the executors of her estate to advise that it had applied funds in the late Mrs F's savings account to a debt she owed to the bank. Because the debt had been greater than the funds held, there was no money to pay out towards funeral costs. Mr F considers this to be unfair, and contrary to the bank's obligations under law to release money for funeral costs. He also says the bank provided poor customer service, and that a letter regarding the use of money from the accounts did not make it clear debts would be repaid before funds released for funeral costs.

In its first response to the complaint, Barclays reiterated its right to apply the money towards debt, but acknowledged it had provided misleading information and sent Mr F a £50 cheque as compensation for any distress and inconvenience this had caused. It then agreed to cover £2,112 of outstanding funeral costs as a gesture of goodwill.

Our adjudicator did not recommend that this complaint should be upheld. He considered that the bank had been able to apply the funds towards the debt. He was also of the view that the compensation and gesture of goodwill payments were more than this service would usually order in similar circumstances, and did not recommend that they should be increased.

Mr F does not agree, saying that the bank has applied a double standard in that if the debt was owed to a different institution, it would have released the funds, allowing for funeral costs to have been covered.

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 appreciate that this has been a difficult time for Mr F. I can understand why he was upset to learn that Barclays had used the money in the late Mrs F's savings account to repay debts she owed it rather than releasing the money to cover funeral costs. In considering this complaint, I've looked first at whether the bank was able to do this, and then whether its response to Mr F was fair and reasonable in the circumstances.

Barclays obligations are set out in the account terms and conditions, which reflect the bank's policy on how it treats money from deceased estates. These do give the bank the ability to use the money to repay debts which are owed to it before releasing money for other purposes, such as covering funeral costs. I understand Mr F's point about whether this is reasonable, given that if the debt was owed to another institution, the money would have been released for the estate to determine whether to pay it. But it's not something I can require the bank to change. I'm limited to looking at whether the bank followed its own policies and terms and conditions, which it has done. This service isn't able to insist on

policy changes – that's the role of the regulator. So I'm afraid I can't order the bank to use the money differently in this case.

Barclays has acknowledged that it gave Mr F misleading information about how the money would be used, and that this caused him to believe it would release money to cover funeral costs. The bank has apologised for this, and for poor customer service which Mr F says he received and offered him £50 compensation and has paid £2,112 towards the funeral costs as a gesture of goodwill. The misleading letter doesn't change the bank's obligations towards the estate, so I can't use that as a basis to say the bank has to pay the full funeral costs. And as the amount which the bank has now paid to the estate as compensation and in goodwill is more than this service would generally award in such circumstances, I'm not going to ask for it to be increased.

This means I'm not going to uphold the complaint, as I consider the bank has acted in line with the account terms and conditions and its policy on debts and funeral costs. Barclays has provided feedback to its Bereavement Unit regarding the wording of the letter it sent to Mr F, and has paid compensation and a large proportion of the funeral costs. I consider this to be fair and reasonable in the circumstances.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F, on behalf of the estate of the late Mrs F, to accept or reject my decision before 17 March 2017.

Catherine Wolthuizen
ombudsman