complaint

Mr T complains about bank charges Barclays Bank PLC applied on his account. He believes the charges are unfair.

Mr T doesn't feel Barclays' offer to refund £229.50 worth of charges as a gesture of goodwill is enough to resolve the complaint.

background

Our adjudicator said she couldn't consider whether the charges applied on Mr T's account were unfair since a Supreme Court ruling on this point had settled the matter.

She also explained that banks aren't obliged to refund or suspend charges automatically where a customer is experiencing financial difficulty. And our adjudicator felt Barclays' offer to pay Mr T £229.50 as a goodwill gesture was a reasonable way to settle his complaint.

Mr T has asked for an ombudsman to review his complaint to see if he's entitled to more money. So this complaint has been passed to me to decide how it should be settled.

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 why Mr T feels that Barclays' charges have added to his money problems. And I sympathise with his situation. But I agree with our adjudicator that Barclays has responded fairly and reasonably to his complaint. Here's why I say this.

From time to time Mr T went over limits on his account. When that happened, Barclays says an advice letter was issued to Mr T which also pointed out the charge he'd pay as a result.

And each time a debit was returned, or the bank honoured a guaranteed payment that took Mr T over the account limit, Barclays wrote telling him about this and the fee payable. All the fees Mr T was charged were also set out on his regular bank statements so he knew the dates his account would be debited.

Our adjudicator explained that it's already been decided in court that it is generally not possible to challenge bank charges as being unfair or too high. And as far as I can see, charges have been applied to Mr T's account in accordance with the bank's standard terms and conditions and tariffs of charges over the years.

Barclays must still treat fairly any customer who has financial problems and is overdrawn. But this doesn't mean it must cancel all overdraft charges. Or not charge any more while the account remains overdrawn, unless a formal repayment plan is agreed which stops interest and charges being added on.

Given Mr T's longstanding money problems and the amount of charges he was incurring, I've thought carefully about whether Barclays ought reasonably to have been alerted by Mr T's account history to his difficult financial situation sooner. Sometimes for instance it can be helpful to put an account into default if a person is in financial difficulty as this effectively freezes the debt.

But I've taken into account that if Barclays had put a default on Mr T's credit file this would've adversely affected his credit rating and might've led to difficulties for him if he'd wanted to apply for credit in the future. And Barclays' letters invited Mr T to get in touch if he was in financial difficulties. The bank also gave Mr T details of free debt advisory organisations. Barclays told us it had no record of having received any contact from Mr T to discuss his finances.

Looked at overall, I agree with our adjudicator that the bank hasn't acted incorrectly and it didn't act unfairly or unreasonably towards Mr T. I consider the goodwill gesture Barclays has offered is a generous and genuine attempt to settle Mr T's complaint.

my final decision

My decision is that Barclays Bank PLC should pay Mr T £229.50 as it has offered to do.
I make no other order or award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 8 February 2016.

Susan Webb
ombudsman