

complaint

Mr D says Barclays Bank Plc should write-off a debt he owes. He says the bank was irresponsible in letting him borrow the money in the first place.

background

The details of this complaint are well-known to Mr D and to Barclays. So, I only summarise the position.

Mr D had two accounts with Barclays. He had overdraft facilities on both. In 2007, there was a mix up and he ended up with higher overdraft limits on both accounts. The intention had been to increase one and repay the other (and close that account).

Mr D continued to use both of the higher overdrafts. They were extended year on year. As time went on, the bank became worried about Mr D's ability to manage his finances. The accounts were eventually moved to Barclays' recoveries department and a debt management plan (through a recognised debt management charity) set up.

Mr D complained to Barclays that it shouldn't have given him the second overdraft facility. He said he couldn't afford it – and the bank hadn't checked whether he could do so. Mr D thought the bank should write the second debt off.

Barclays didn't agree. But it did offer Mr D £100.00 compensation for the time it took to look into his complaint. Mr D wasn't happy with this – so he contacted us.

One of our adjudicators looked into his complaint. She agreed Barclays shouldn't have given Mr D both (higher) overdrafts. So she asked Barclays to refund all the interest and charges on the second overdraft from November 2011 (from when it was really used). The bank agreed – and offered to increase its compensation payment to £250.00.

But the adjudicator didn't think Barclays should write-off the debt (from the second overdraft) – as Mr D had spent the money. She didn't think that would be fair.

Mr D didn't agree with the adjudicator's view or Barclays' offer. So his complaint has been passed to me to review and issue a final decision on. In summary, Mr D says his situation is like that of somebody with a payday loan where the debt has been written-off because their financial position wasn't properly assessed (by the payday lender).

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 see Mr D feels quite strongly about this. That's clear from what he's said to us (and to Barclays). And I can understand why – after all, the amount he owes is quite large.

But I'm afraid I have to tell Mr D that I think the adjudicator (and Barclays) has got the right answer here. I can only uphold part of his complaint. It simply wouldn't be fair for Mr D to have had the benefit of the money and not pay it back.

There's very little I can usefully add to what the adjudicator has already told Mr D. I can see she investigated things thoroughly and set out the position clearly to Mr D.

Barclays has agreed it made an error. But it seems that was a genuine mistake several years ago. Mr D was under no obligation to use the second overdraft facility. He could have asked the bank to withdraw it (and close the account) as was the original intention.

Mr D has an extensive employment history in the financial services sector. So I'm satisfied he would have been fully aware of the implications of his actions (in using the second overdraft). I don't think it's reasonable of him to suggest his position is similar to somebody experiencing the financial difficulties often associated with payday lending.

The bank's offer to refund a total of £3,921.90 fees and interest from November 2011 and to increase the compensation payment to £250.00 is fair and reasonable in the circumstances.

Given that Mr D feels quite strongly about this, he may wish to take the matter further through other means. But my decision brings to an end what we – in trying to resolve the dispute informally – can do for him.

Finally, it's worth me reminding Barclays it should (continue to) respond positively and sympathetically to Mr D's situation. This doesn't mean it has to reduce any debt owed or stop charging interest and fees. But it should (continue to) work with Mr D and the charity supporting him through his debt management plan.

my final decision

For the reasons I've given, my final decision is that Barclays Bank Plc should:

- refund £3,921.90 in fees and interest (to be credited to the appropriate account); and
- pay Mr D £250 compensation for the delays in dealing with his complaint.

Barclays can deduct any payment already made to Mr D from the compensation amount referred to above. Mr D may ask the bank to credit the payment to the appropriate account to reduce his debt, if he wants to.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 28 September 2015.

Andrew Davies
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