

complaint

Mr and Mrs C complain that Barclays Bank Plc allowed a cheque to leave a closed account. They further complain that the bank did not tell them about this for four years, but charged interest on that debt and eventually defaulted the account.

background

Mr and Mrs C say that on 17 May 2011, they closed their Barclays account, having completed a switch form and leaving a zero balance. They say they heard no more about that account until they were informed in 2015 by a debt collection agency, that Barclays had allowed a cheque for £134 to be debited from the account on 19 May 2011. As they had a £200 overdraft, the bank had simply allowed the interest on the debt to accrue for years until it reached that limit and then defaulted the account.

Mr and Mrs C complain that Barclays did not tell them about the outstanding debt on their account, despite the fact they remained at the address the bank had on record for over a year after they closed the account. They say Barclays never wrote to tell them about the default but would have had their current address, as the debt collection company they sold the debt to had their new address.

The adjudicator did not recommend that the complaint should be upheld. She said that although Mr and Mrs C had switched to another bank, they had not formally closed their account. The cheque had been written on 11 May 2011 and Mr and Mrs C should have been aware it had not debited the account when they withdrew all the funds on 17 May 2011.

The adjudicator said that as Mr and Mrs C had continued to live at the address where their statements were sent for over a year, she could not explain why they had not received a statement from Barclays, but she was satisfied statements had been sent. She explained that debt collection companies use tools that are not available to the banks in order to trace customers and she did not feel that Barclays were at fault in failing to notify Mr and Mrs C that the account had been defaulted.

Mr and Mrs C did not agree. They said that Barclays had known the account was to be closed as the switch form included the words 'transfer of account'. They also said Barclays had lied to this service when it had said it could not send the final response letter as it did not have Mr and Mrs C's current address. Mr and Mrs C say they had received letters from Barclays at their new address, written three weeks before the final response letter. They said this showed the bank cannot be trusted.

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 understand Mr and Mrs C's frustration as they thought their account was closed and the cheque should not have been allowed to be debited. However, I have seen the bank records and am satisfied that although Mr and Mrs C made it clear to Barclays that they wished to switch to another bank, they did not formally close their Barclays account. I understand they now believe that transferring an account should include an inference that they wished the account to be closed. The terms and conditions of bank accounts set out the circumstances

in which accounts would be closed by either party. Mr and Mrs C did not formally close their account and therefore it remained open.

Initially, due to the passage of time, Mr and Mrs C could not remember writing the cheque for £134. A copy of that cheque has now been provided and there is no dispute that it was written on 11 May 2011. Mr and Mrs C imply that it is suspicious that Barclays could not at first find the cheque and only did so once this service became involved. Whilst I agree that is unfortunate, I do not agree that it suggests any deliberate action by the bank.

I agree with the adjudicator that it was reasonable to expect Mr and Mrs C to check their statements when they thought they had left a zero balance, to ensure that all cheques had been cleared, including this one that had been signed only six days earlier. Mr and Mrs C say they received their statements online, I therefore consider it reasonable to expect them to have checked those online statements to see if the cheque they had written on 11 May 2011 had been paid.

As they mistakenly believed their account was closed, Mr and Mrs C did not give Barclays their new address. It was therefore unfortunate that although the bank wrote to them, informing them of the outstanding debt, they did not receive those letters. Mr and Mrs C say that if Barclays had bounced the cheque or contacted them or referred the debt to the bank they had switched the account to, this oversight would have been dealt with swiftly and Mr and Mrs C would not now have the default registered against them.

I would not have considered it reasonable if Barclays had bounced the cheque, as I am satisfied that Barclays acted within the terms and conditions of the account when it debited the cheque from an account which had not been formally closed and which had an agreed overdraft limit which covered this debt. Whilst I agree with the adjudicator and accept it was likely to have been an oversight by Mr and Mrs C and they simply forgot they had written the cheque, this mistake was not the fault of Barclays. The bank wrote to Mr and Mrs C at the address they had provided, it was their responsibility to ensure Barclays had their correct address. It was not the fault of the bank that Mr and Mrs C had mistakenly failed to appreciate the cheque had not been paid before they removed all their money from the account.

I am satisfied that the interest was not added in error and the account was correctly defaulted as the bank had heard nothing from Mr and Mrs C in response to its letters.

I appreciate Mr and Mrs C's frustration, but it would not be fair of me to require Barclays to reduce the outstanding debt or remove the default. The adjudicator has explained to Mr and Mrs C that if they wish they can put a note of explanation on their credit file.

I accept the bank may not have given this service accurate information when it explained the failure to send a final response letter by saying it did not have their address. Barclays has offered to pay £50 compensation for its delay in responding to the complaint and I consider this to be fair and reasonable in all the circumstances.

I appreciate that Mr and Mrs C say this was a lie which means the bank has not been telling the truth and its overall honesty is therefore brought into question. However, I have reached my decision on all the information before me, including what Mr and Mrs C say, the cheque in question, the switch form and the banking records. I understand Mr and Mrs C's concern, but for the reasons I have explained, I am satisfied that the bank did not make a mistake in relation to the debt and the default.

my final decision

My final decision is that Barclays Bank Plc should pay £50 compensation as it has offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to accept or reject my decision before 21 September 2015.

Charlotte Holland
ombudsman