

## **The complaint**

Mr M complains about his overdraft with Barclays Bank UK PLC.

## **What happened**

Mr M used to have a current account with Barclays, with an overdraft limit of £200. On 30 November 2020 his account balance was £199.18 overdrawn. He also had a Barclays insurance policy for his mobile phone, for which he was paying £14.50 a month. On 1 December 2020 this payment was debited from his current account, causing the balance to exceed his overdraft limit. This was reported to the credit reference agencies, and it now appears on his credit file.

Mr M complains that this payment should not have been allowed to be debited from his account. Instead, he says Barclays should have cancelled the insurance policy, since he could no longer afford to make the payments. That way, his credit file would not have been spoiled and he would not have incurred any unauthorised overdraft charges.

Thereafter, Mr M's account remained in an unauthorised overdraft, and in early 2021 his salary stopped being paid into his account. The overdraft increased over time as fees were charged. He says he didn't realise that his account was in excess of the limit or that charges were being incurred. There is a dispute about whether Barclays wrote to tell him about this.

Finally, towards the end of 2021, Barclays closed Mr M's current account, recorded a default on his credit file, and cancelled the insurance policy. The default balance was £321.43.

Mr M complained to Barclays, and subsequently to our service. He said he was willing to repay the authorised overdraft balance of £199.18, but not a penny more. He asked for all of the relevant adverse data to be removed from his credit file, and for compensation for his inconvenience.

Barclays said that there was no reason why the monthly payment should not have been debited from Mr M's account, and it had not been entitled to unilaterally cancel the insurance policy instead. If Mr M didn't want the insurance policy any more, then it had been his own responsibility to ask for it to be cancelled; Barclays would not do that (except when a customer breached its terms and conditions). Barclays said it had written to Mr M about his overdraft several times in 2021, and had sent him a text message, but had received no reply. It added that Mr M would have been aware of his account balance because he had frequently been logging into his online banking account during this period, so he would have seen it. Therefore the overdraft and the default had been properly and accurately recorded on his credit file.

Our investigator agreed with Barclays. She said that she had seen copies of the bank's letters to Mr M about the overdraft and that they had been correctly addressed (and she shared these letters with him). She said there was no evidence that the text message had not been delivered to Mr M. She said that it had been Mr M's responsibility to cancel the insurance policy. She thought that he must have known about the overdraft balance, and the

charges, because he had been logging onto his account online, so he would have seen them. She concluded that there were no grounds to remove the overdraft or the default from Mr M's credit file.

Mr M asked for an ombudsman to review his case.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I do not uphold this case, for the same reasons as the investigator gave.

It was not for Barclays to unilaterally decide that Mr M could not afford his insurance policy and to cancel it for him. If Mr M could not afford it, then it was his responsibility to cancel it, and to tell the bank that he was in financial difficulties. The bank did not know that, because on 13 December 2020 he had told the bank that he had returned to work (after being furloughed during the covid lockdown) and was planning to pay off the overdraft in the new year; as far as the bank knew, he had a good disposable income.

I accept that Mr M did not realise that the monthly payment would still be taken from his account even if that meant the account balance exceeded the overdraft limit. But he must have known that this had happened soon afterwards, because he continued to log into his account, and so I think he would have seen the new balance, and the fees which had been charged. I have seen the bank's audit logs which show that he logged onto his account from his mobile phone over 200 times between March and July 2021.

I have seen the letters the bank sent to Mr M, and they have the correct address on them. I accept that they were sent. I could accept that one was not delivered, but not all of them. And I have seen screenshots from the bank's systems showing that a text message was sent to his phone, telling him that he was still making payments on his insurance policy.

The significance of all this is twofold. Firstly, even though Mr M didn't realise his account balance was going to exceed the overdraft limit, once he did know – and he must have known soon afterwards – he did nothing about it. He didn't get in touch with the bank to discuss it or to make a payment. So there is nothing wrong, unfair or inaccurate about the overdraft marker appearing on his credit file. It was a true reflection of how he had managed his debt.

Secondly, the bank gave him multiple opportunities to resolve the matter before taking the step of defaulting his account. So there is nothing wrong with the default marker either.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 August 2023.

Richard Wood  
**Ombudsman**