

The complaint

Miss R complains that Barclays Bank UK Plc allowed her account to go overdrawn when she has no overdraft facility. Miss R also complains that Barclays were condescending and showed no empathy to her during their calls.

What happened

Miss R purchase goods from a business, but said she didn't realise she didn't have enough money in the account and went into a £300 overdraft, despite not having an overdraft facility. Miss R said her benefits were paid into her account but because of the overdraft she was left with only £26. She requested Barclays reimburse her benefits payment, which it paid into another account and has since chased her to repay the £300 despite not declining payments when she didn't have enough money in her account at the time of the transactions.

Miss R complained and Barclays called her and sent a final response stating it is for her to ensure she had funds prior to making the payment and she still needed to pay £300. Miss R said she cancelled some of the items from her order, but feels she shouldn't have to pay this as Barclays didn't decline the transaction. Miss R described her situation and would like the remaining overdraft removed and compensation for the distress this has caused her.

Barclays said Miss R's account went overdrawn on 28 March 2023 after she ordered goods from a company. Barclays said it had to honour the payment though she would become overdrawn and hadn't made an error. Miss R wasn't satisfied with this and referred her complaint to our service. She said Barclays' constant demands for repayment disregarded her recent bereavement and her mental health and showed no empathy for her situation.

Our investigator didn't think Barclays was in error as it relied on the initial authorisation from the business supplying Miss R, and she had sufficient funds for the payment to be made on 27 March 2023. However, she said in its letter and subsequent call, Barclays didn't explain this and said the unarranged overdraft was due to Miss R continuing to spend after the payment. The investigator said Barclays should have provided a clear explanation about the payment and she recommended it pay Miss R £100 for her distress and upset.

The investigator didn't think Barclays should clear the overdraft as Miss R hadn't returned the items to the business. She said Barclays doesn't charge for unarranged overdrafts, so Miss R didn't incur costs and there's no financial loss. The investigator said that she had listened to calls between Miss R and Barclays in April 2023 and felt that Barclays' staff remained professional and showed empathy and understanding to Miss R throughout.

Barclays accepted the investigator's view to pay Miss R £100 compensation. Miss R disagreed with the investigator that the firm supplying her goods was at fault and Barclays wasn't told to accept blame or clear her overdraft. She said that just because it wasn't charging for the overdraft didn't mean she wasn't under financial stress. And she resented the suggestion that Barclays had done her a favour by approving the transaction. Or that she should return items as they were needed and returning them would cost money.

Miss R said there was no mention of the harassment from Barclays, including calling her on a Sunday and telling her to call back on a weekday. She said Barclays constantly hounded her in every form of communication adding to an already stressful time as she had no way of paying. Miss R's complaint has been referred to me as an ombudsman to consider.

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.

I was sorry to learn about Miss R's personal circumstances and health concerns, and the financial hardship she has experienced. I can see she has suffered during a distressing period of her life. I can see that her debt to Barclays has been the source of much of her unhappiness and stress and so I have looked carefully at Barclays' handling of her account to see if it has acted within the terms and conditions and to see if it has treated her fairly.

I can understand Miss R's frustration at the chain of events that unfolded when she put an order in on 27 March 2023 for goods that she needed. As far as she was concerned, she had sufficient funds for the payment to be made. Initially, this was correct as the money was in her account. However, the business providing Miss R with the goods relied on the initial payment authorisation rather than making a correction in accordance with her amended order. The requested payment was then approved by Barclays, meaning Barclays weren't aware of the pending amount to be deducted from Miss R's account. This then combined with a separate payment from Miss R's account to take it into overdraft.

In authorising the payment from Miss R's account, Barclays relied upon the authorisation from the firm supplying Miss R, as is common practice. Barclays could see sufficient funds in Miss R's account to meet the payment and so it had no reason not to make the payment.

Barclays would not have wished to place Miss R into an overdraft as this had not previously been authorised, but it allowed the payment as it is permitted to do under the terms and conditions of the bank account. I think the reason for this is now clear and has been set out to the parties by the investigator. I think Barclays acted correctly and this allowed Miss R to obtain the goods that she has said she needed. And so I don't agree with the part of Miss R's complaint that Barclays should not have allowed the payment to be taken.

Barclays expect Miss R to repay what she's spent which I agree is fair and reasonable as consumers cannot reasonably expect to keep items they have purchased and expect their bank to pay for them. For this reason and because Barclays hasn't handled Miss R's account in error, I can't require it to clear the remainder of her overdraft. Miss R has said she wants to close the account and she may do so and by contacting Barclays and agreeing a time to pay arrangement.

I have considered the communications from Barclays to Miss R about what went wrong with her account. I agree with the investigator that these should have been clearer. Although this hasn't caused Miss R financial detriment as there have been no overdraft charges, the impact on her stress could have been reduced if Barclays had provided the correct information and a clearer explanation to Miss R initially. I take Miss R's point that she is suffering financial hardship from her overdraft, but as I have said this isn't Barclays' fault.

The investigator said Barclays should have provided a clear explanation about the payment and she recommended it pay Miss R £100 for her distress and upset. I agree that this is a fair reflection of the distress and inconvenience Miss R has suffered as a consequence. This is in line with other awards we have made for complaints in similar circumstances.

In relation to the letters and contact from Barclays, Barclays can contact customers who are in unarranged overdrafts or in other forms of debt to discuss repayment options, and we

would consider this as normal practice. I'm pleased that Barclays reimbursed Miss R's benefits payment at her request, though this left the overdraft in place. I'm satisfied that Barclays provided professional and empathetic service during its calls with Miss R and treated her with respect. However, I accept Miss R's point that these calls were unwelcome and distressing.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld in part. I require Barclays Bank UK Plc to pay Miss R £100 compensation for the distress and inconvenience she was caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 10 November 2023.

Andrew Fraser
Ombudsman