

The complaint

Mr K complains that Barclays Bank UK PLC took money from his account without his authority.

Mr K wants Barclays to refund the money with interest.

What happened

In 2012, Barclays exercised its right to set-off £16,000 from Mr K's Barclays current account against an outstanding credit card debt. After Mr K contacted Barclays in March 2012, it refunded half the payment.

In 2014, Barclays set-off a further £4,000 but then refunded the entire amount back to Mr K.

In 2020, Barclays carried out a review of its operating procedures and identified that it may not have contacted customers like Mr K before applying money from an account in credit to another account in debit. As part of this process, it wrote to Mr K and paid him £75 compensation.

Mr K later complained to Barclays to say that he thought Barclays should not have used the right to set-off as the credit card account had been migrated to Barclays from another lender. Barclays didn't agree that it had made a mistake as the set-off was carried out in line with its processes at the time.

When our investigator first considered Mr K's complaint, he thought it had been made out of time under the rules that govern the Financial Ombudsman Service. After further correspondence, our investigator changed his mind and Barclays agreed that we could consider Mr K's complaint.

Having done so, our investigator didn't recommend that Mr K's complaint be upheld. In summary, our investigator thought Barclays had properly exercised its right to set-off in line with its terms and conditions.

Mr K responded to say that Barclays didn't give any notice of the set-off and that the investigation outcome seemed to imply that it did give notice.

Mr K didn't think Barclays's terms and conditions allowed it to set-off money where it had bought the debt from a third party. He thought this made it particularly important that Barclays should have given him advance notice before taking the money.

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 realise that I have summarised this complaint in less detail than the parties and that I have done so using my own words. The rules that govern this service allow me to take this approach but this does not mean that I have not considered everything that both parties

have given to us.

I appreciate that Mr K does not think that Barclays terms and conditions allowed it to exercise its right to set-off in circumstances where it had bought the debt from a third party but I don't agree. Once Barclays bought the credit card account from the third party, it owned the account and any amount due was payable to Barclays.

The terms of Mr K's current account in 2012 entitled Barclays to use money in the account to reduce or repay an amount that Mr K owed on a credit card and it allowed Barclays to do so across its group of companies. Barclays has shown that Mr K owed money on the credit card account that it bought so I don't consider it acted unfairly when it set-off money in his current account against the credit card debt.

I appreciate Barclays didn't give Mr K advance warning of its intention to set-off. Mr K is unhappy with this and I can understand why. But it doesn't mean that I must require Barclays to refund money that it took in line with the terms of Mr K's account at the time.

I'm satisfied that Barclays responded fairly when it agreed to return half the amount that it took. I also note that the terms of Mr K's account at the time didn't require Barclays to provide advance notice of its intention to exercise its right to set-off. I also think that if Mr K had been negatively impacted by Barclays' decision back in 2012, he would have complained much sooner than he did.

Overall, I'm satisfied that Barclays apology and compensation payment went far enough to recognise any inconvenience caused to Mr K when it didn't contact him ahead of exercising its right to set-off. This means I don't require Barclays to refund any money or take further action in response to Mr K's complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 10 January 2024.

Gemma Bowen
Ombudsman