

## **The complaint**

Mr D complains that when Barclays Bank UK PLC opened his personal loan it removed his personal account overdraft facility without telling him.

## **What happened**

Mr D applied for a personal loan and after underwriting Barclays approved the loan with the condition that two overdrafts Mr D had were removed when the loan was paid to his account.

Mr D complained to Barclays that he'd been told the overdraft on his joint account would be removed but wasn't told the overdraft on his personal account would also be removed. Barclays didn't uphold Mr D's complaint and said a staff member told Mr D that the two overdrafts would be removed as a condition of the loan before the loan amount was paid to his account.

Mr D brought the complaint to the Financial Services Ombudsman and one of our Investigators looked into things. The Investigator thought, on the balance of probability, that Barclays told Mr D that it was a condition of the loan both overdrafts were removed. Mr D asked that an Ombudsman decides the complaint.

## **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 understand Mr D will be disappointed, but for very much the same reason as the Investigator, I've decided not to uphold his complaint. I will now explain why.

Mr D says he initially arranged the loan on-line and not in his local branch. I accept this may be the case, but where and how the loan was arranged is not the crux of this complaint. The crux of the complaint is whether Barclays told Mr D that both overdrafts were to be removed when the loan was paid to him. So, regardless of when and where the application was made, I will focus on what happened between Barclays accepting the loan and when the loan was paid to Mr D.

Barclays has provided a copy of the loan agreement and Mr D has confirmed to us that the purpose of the loan was to pay off the overdrafts. Barclays has also provided a copy of its system notes explaining that the loan was approved with the condition that both overdrafts were removed and that the local branch staff should tell Mr D of this before the loan was paid to him. Mr D says a staff member at the local branch told him the overdrafts would be paid off. And, Barclays has told us that it's spoken to the staff member, and it's satisfied the member of staff told Mr D the two overdrafts were to be removed from the accounts. Unfortunately, there are no call recordings of the telephone discussions and there are no specific notes recorded on Barclays systems confirming when these calls took place.

Without any written evidence to support that Barclays told Mr D both overdrafts were to be removed before the loan could be paid into his account, I've taken into account the

testimonies Mr D and Barclays have provided, along with other supporting evidence. My final decision is therefore based on what I think is more likely than not to have happened.

I don't think there's any dispute from what Mr D has told us that the loan was to pay off both overdrafts. I think this is supported by Barclays making it a condition of the loan that both overdrafts were removed. Mr D doesn't recall being told that his personal account overdraft would be removed but has told us a Barclays staff member called him before the loan was paid out to say the overdraft on his joint account would be removed. This persuades me that there was a discussion before the loan was paid into Mr D's account.

The system notes provided by Barclays confirm that the loan was underwritten on 21 November and Barclays says that its member of staff called Mr D on 21 November. I think it's more likely than not this is the call I've referred to above. Mr D says that in this call he was told that the overdraft on the joint account would be removed but wasn't told the one on his personal account would also be removed. Barclays says the member of staff read out the conditions of the loan to Mr D, which included the removal of both overdrafts. I've seen the system notes provided by Barclays – the first one explains the overdraft on Mr D's personal account will be removed, and the second explains the joint account overdraft will also be removed. It seems more likely than not that the Barclays staff member would have read both conditions during this telephone call, particularly as Mr D recalls being told of the second of the conditions. Mr D may have thought the loan was to pay off the overdrafts and the overdraft on his personal account was being retained, but I think it's unlikely Barclays would have told Mr D one was being removed and the other wasn't.

Mr D feels he no longer has an overdraft for emergency purposes and wouldn't have taken the loan if he'd known this. I empathise with Mr D but based on what I think is likely to have happened, I don't think Barclays did anything significantly wrong.

### **My final decision**

For the reasons provided above, I've decided not to uphold Mr D's complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 16 August 2023.

Paul Lawton  
**Ombudsman**