

The complaint

A partnership, which I'll refer to as W, complains that Barclays Bank UK PLC acted unfairly by reneging on an agreed repayment plan.

The partners of W are represented in bringing this complaint.

What happened

W had an overdraft with Barclays, with a balance of around £90,000. It had also taken out a Bounce Back Loan ("BBL") during the pandemic.

In 2022, W got into arrears on its Bounce Back Loan.

In June 2022, the bank issued a Termination Notice for the overdraft, which said that the bank was ending W's overdraft agreement with effect from 22 July 2022. The letter said Barclays would make full demand for repayment of the overdraft on the date.

The partners' representative contacted the bank seeking more time for W to repay, pending receipt of a lump sum in the form of a Government grant. He also told the bank that W was arranging a property sale to repay the overdraft in full.

On 21 July 2022, during a lengthy phone call with the bank, a plan was agreed whereby the partnership would bring the BBL up to date immediately and provide funds to cover July's, August's and September's BBL repayments. W also agreed to make a payment of £450 a month to reduce the overdraft over the same period.

On 22 July 2022, the bank wrote the partners a letter headed Confirmation of your Temporary Overdraft and Temporary Arrangement. The letter set out a balance reduction plan based on the £450 a month agreed on the phone call.

On 24 July 2022, the bank sent a letter headed Failure of Repayment Arrangement. The letter said that W hadn't made the agreed repayments under the plan and as a result, the plan had failed.

The partnership complained to Barclays several times. The bank said that the repayment plan agreed on 21 July 2022 had been rejected by their system. They said this was their error and offered £225 as compensation. They also said that W needed to contact them to agree a new repayment proposal.

During the succeeding months, W made the payments in accordance with the agreement of 21 July 2022. It also updated the bank on various occasions about its attempts to complete a property sale and attempted to set up a fresh repayment plan, which was again rejected by Barclays' system. The bank agreed to put the overdraft account on hold twice.

On 22 September, with no repayment plan in place, W's representative referred the complaint to our service. W said that we hadn't addressed the question of the overdraft agreement being reneged on and asked for increased compensation to cover the time spent dealing with the issue, including covering W's representative's fees.

On 25 November, the overdraft was largely repaid, with the remaining small balance cleared on 1 December 2022.

It was agreed that the question of the interest charged would be looked at separately. I issued a provisional decision on the remainder on 30 August 2023. In brief, I concluded that Barclays had made errors that led to them failing to adhere to the repayment plan that both sides had agreed. But I didn't think that any more compensation was warranted. In summary, I made the following points:

- I'd listened carefully to the phone call of 21 July 2022. I considered that a clear repayment agreement was reached between the parties during that call.
- I thought it was evident that Barclays' letter of 22 July 2022 was an attempt to set out this plan in writing, but an error was made with the overdraft limit, which was incorrectly quoted in the letter.
- I was satisfied that the letter of 24 July 2022 sent by Barclays was a mistake. It said that W had failed to adhere to the agreed plan, which was not the case. The first payment under the plan had not even fallen due.
- Barclays acknowledged their error in their response to one of W's complaints, although the problem with setting up the repayment plan on their system then seems to have recurred. The evidence shows that there were also problems with communication until the overdraft was cleared.
- That said, I thought it was fair to note that Barclays gave several extensions and showed forbearance, never actually issuing a formal demand for repayment despite several warnings.
- I didn't doubt that this was a stressful period for the partners, knowing that Barclays could demand repayment of all the borrowing at any time. But I didn't think this stress was entirely caused by Barclays, although they had probably exacerbated it. I thought the situation itself would have caused distress, because there was uncertainty about the receipt of funds and the property sale took much longer than hoped.
- I was also satisfied that there was some inconvenience incurred due to the number of phone calls and letters involved. However, I was mindful that some of this inconvenience was the result of the uncertain timings mentioned above. Also, some of it was suffered by W's partners' representative and I didn't have the power to award compensation for a representative's inconvenience.
- The partners' representative informed me that he was charging fees for his services, which he considered Barclays should pay. I was not minded to direct Barclays to pay those fees, as I didn't think a representative was necessary to make the complaint.
- Overall, taking into account all the circumstances, I thought £250 was sufficient for Barclays' errors.

Both the partners and Barclays accepted my provisional decision. So I am issuing this final decision as a formality to confirm the position.

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.

As both parties agreed with my provisional decision, there is no need for me to add more detail or address any new arguments here. My conclusion remains that although Barclays showed reasonable forbearance in dealing with the partners' overdraft, the bank also made errors, which made things more difficult than they should have been.

On the subject of the partners' representative's fees, it remains my view that it was the partners' choice to reduce the burden on themselves by employing a representative. I don't think his services were essential, either to resolve the situation with Barclays or to refer the complaint to our service. So I don't think it would be fair to expect Barclays to cover those fees.

Neither side has let me know whether the £250 already awarded by Barclays has been paid to W or not. If it hasn't yet been paid, I recommend Barclays pay it into W's current account.

My final decision

My decision is that Barclays Bank UK PLC does not have to do anything further to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask the partners of W to accept or reject my decision before 10 October 2023.

Louise Bardell
Ombudsman