

The complaint

Mr W complains that Barclays Bank UK PLC have allowed money to be debited from his account without his authority.

What happened

Mr W switched his current account from Barclays to a third party account. But he noticed that after this was done, money had left his account which he didn't authorise. It had references which led him to believe a third party company had tried to take money from his account fraudulently. Mr W made a complaint to Barclays.

Barclays upheld Mr W's complaint. They paid £21.50 to his account to clear the overdrawn balance and £50 compensation to him. Barclays said that this wasn't a reference from a merchant (as it was their reference) and his account had not been fraudulently used. Barclays said that whilst going through the switch process, they'd applied a number of debits and credits for the amount of £10.75. The £10.75 was the balance Mr W had on his account at the time of requesting the transfer. Due to the various debits and credits, they'd left his account in debit with an amount totalling £21.50. However, they'd also put £10.75 into his savings account. Mr W brought his complaint to our service.

Our investigator did not uphold Mr W's complaint. She said on 23 June 2022 there was a debit on the account for £10.75 with the reference Mr W thought was a third party company. She said this was a different entry on the statement compared to previous entries. Our investigator said while the credits and debits to the account would've been confusing, Barclays had explained why the entry of the reference appeared on the statement, and they paid compensation for the poor service and they applied a credit to cover the debit balance, which she thought was fair. Mr W asked for an ombudsman to review 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've looked at Mr W's bank account statements from when he switched accounts from Barclays to get a sense of what happened on his account. Mr W's account balance on 1 March 2022 was overdrawn by £10.75. Which means he owed Barclays £10.75 to bring this to a zero balance. On 3 March 2022, his statements show a credit to the account of £5, to bring the balance overdrawn to £5.75, but on 31 March 2022, this money leaves his account, and he is back to being overdrawn by £10.75.

On 30 May 2022, there is a credit of £10.75 on the account, which would bring the account balance to zero, but unfortunately it appears an error was made and another £10.75 had been added to the account which meant the balance had a £10.75 credit. Due to the switch it appears that these two credits of £10.75 then left his account on 1 June 2022 (which would mean the balance was overdrawn by £10.75 again). But also on 1 June 2022, £10.75 credited the account which left a £0 balance.

Unfortunately on 23 June 2022, £10.75 left Mr W's account with a reference which was different to the previous times money had been debited and credited to his account. This led him to believe this was a company by a similar name (who had since appeared to have gone out of business) who was debiting the money from his account. I can confirm to Mr W that it wasn't another company who debited the £10.75 from his account. It was Barclays and the reference used was a Barclays internal reference, it had nothing to do with an external company. But I can understand why this could be confusing when the transaction had been displayed a lot differently to what it had been before.

Barclays then debited another £10.75 from Mr W's account on 28 June 2022. So this meant the balance on Mr W's account was overdrawn by £21.50. Barclays have rectified what happened here by paying £21.50 into Mr W's account to bring his account balance to a zero balance. As they explained to Mr W in their final response to him, that due to the switch process, this money would be likely to be transferred directly to his new account. This is what appears to have happened. So if the account is still overdrawn, Mr W will need to pay this money to make the balance zero again. But he may wish to close his Barclays account at this point, otherwise the money could be automatically forwarded to his new account again.

I can sympathise with the position Mr W has found himself in here as his statements show a confusing situation of funds being credited to his account, debiting his account and being automatically forwarded to his new account. It could seem that Mr W was out of pocket. But looking at his statements, I can confirm Mr W has lost no money as a result of what happened. I say this because on 1 March 2022, he was overdrawn by £10.75. But Barclays have put him in a better position by paying this off on 22 August 2022 which meant Mr W had a £0 balance (before this appears to have automatically credited his third party account).

But I do think compensation was due for what happened here. Barclays process led Mr W to believe his account was fraudulently being used which would have been distressing for him. And Mr W wouldn't be aware from the references that these transactions were internal Barclays transactions. So Barclays paid Mr W £50 for distress and inconvenience. And they paid £21.50 to bring his account to a zero balance at the time. I'm satisfied that this is fair and it is in line with what we would award in these incidents. So it follows that I don't require Barclays to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 9 October 2023.

Gregory Sloanes
Ombudsman