

The complaint

A limited liability partnership, which I'll refer to as L, complains that Barclays Bank Plc (trading as Barclaycard) failed to close two commercial credit card accounts when requested, which led to losses through unauthorised spending.

What happened

L had Barclaycard commercial credit cards for use by its staff. L also had a relationship with Barclays Bank UK PLC.

In April 2021, L notified Barclays Bank UK PLC that two of its credit card accounts should be closed. This was because the two staff using the respective cards had left L. Barclaycard didn't close the accounts at that time.

Barclaycard became aware in December 2021 that L had ceased trading.

In August 2022, L complained to Barclaycard. Mr S, who is a remaining partner, said that transactions had continued on the two cards after L had requested the closure of the accounts. L also complained about other matters regarding customer service.

Barclaycard upheld some aspects of L's complaint, but not all. It credited £400 to L in respect of several customer service problems, and £139.29 for interest and fees charged since December 2021.

Unhappy with Barclaycard's response, Mr S referred L's complaint to this service.

Our investigator looked at the evidence and there was correspondence with both parties about what payments should be reimbursed to L. The investigator concluded as follows:

- The account closure request was made to Barclays Bank UK PLC. The investigator was satisfied that Barclays Bank UK PLC was acting on behalf of Barclaycard at that time. Barclaycard should therefore have closed the accounts in April 2021.
- Barclaycard should therefore put L back in the position it would have been in, had the accounts closed in April 2021.
- Any spending on the cards not directly related to L's operation from April 2021 onwards should be reimbursed, along with any interest and fees incurred.
- Any adverse credit file information should be corrected.
- The £400 compensation for administrative and customer service problems was, in the investigator's view, a fair offer.

While the discussions on the complaint were going on, Barclaycard refunded £299.41 in respect of spending and fees from December 2021 onwards, then zeroed the remaining

£331.27 card balance. In response to the investigator's conclusions, both parties made further points about the redress.

In summary, Barclaycard said:

- A review of a selection of 2019 statements alongside the same months in 2021 indicates that the spending was very similar, and Barclaycard would consider all of the spending to be of a legitimate business nature. There were multiple transactions to computer software merchants, and a number of continuous payments, in both years before and after the closure request.
- The customer paid in full by direct debit, so there are no interest charges to refund and there was no negative credit file impact.
- Barclaycard considered the refunds processed so far as to satisfy the investigator's requests and there was an additional refund to clear the balance.

Mr S said that none of the expenditure on the cards after April 2021 was related to L's business.

I issued a provisional decision in which I said I was minded to require Barclaycard to reimburse to L all of the sums paid by direct debit from May 2021 to date for the credit cards, minus any sums already reimbursed for that period. I reached this conclusion for reasons that I give below.

I invited both parties to submit any further comments or evidence.

Barclaycard said it accepted my provisional decision.

L disagreed with some of my provisional findings. Mr S said he thought L should be awarded more of the card spending, and some other expenses. He submitted a number of points, which I summarise below.

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 agree with the investigator's findings in principle. I agree that Barclays Bank UK PLC was acting on behalf of Barclaycard, which should therefore have complied with L's request in April 2021 for the card accounts to be closed. I therefore agree that Barclaycard should put L back in the position that it would have been in, had the accounts been closed in April 2021.

I'll refer to the users of the two cards as Mr A and Mrs M. After April 2021 there appears to be negligible spending on Mr A's card – I can see only a single road toll auto-payment. I'll therefore focus only on the spending on Mrs M's card.

Barclaycard said it believed that the card spending after April 2021 was of a legitimate business nature related to L. From looking at the transactions on the card statements, I can see that some of the spending was for business purposes, but I don't think it was for the benefit of L.

Mr S says that Mrs M left L in August 2018. Companies House records confirm that Mrs M ceased to be a partner in August 2018. Companies House records also show that a few days later, in September 2018, she started a new company, and then in September 2020 set

up a new limited liability partnership. It may be that some of Mrs M's card expenditure in 2021 was with the same or similar merchants as in 2019, but both periods were after she had left L in 2018, so I can't see that any of the spending after April 2021 was for the benefit of L. I also note that Mr S says L ceased trading in the summer of 2021.

Even if there were some continuity in the type of spending on Mrs M's card between her time at L and the period after April 2021, that in my view would not be surprising, as she operates in the same professional sphere as L. So, even if there were such continuity of business spending, I don't believe it would indicate that after April 2021 the spending was for the benefit of L.

The earliest record of Mr S requesting the cancellation of the cards was in April 2021, which was some time after Mrs M and Mr A had left L. Mr S claims that he acted earlier, but there's no record of this. Barclaycard should therefore reimburse L for expenditure only after April 2021. I say this not because I believe all of Mrs M's card spending was for L's benefit up to that date (I don't believe that, as I said above), but because there's no evidence that Barclaycard had been asked to cancel the card before then. It's likely that L suffered losses as a result of transactions before April 2021, but I don't think Barclaycard can reasonably be required to bear any responsibility for them.

In response to the above reasoning in my provisional decision, Mr S again said that he notified Barclaycard in 2018 about Mrs M's departure. But as I've already said, the earliest record of any such notification is from April 2021, so I can't reasonably require Barclaycard to refund anything earlier.

For the above reasons, I conclude that Barclaycard should reimburse all of the credit card spending after L requested the closure of the card accounts in April 2021.

I don't think that setting the final account balance to zero, as Barclaycard has done, is enough to settle the complaint. L had a direct debit which regularly paid the balance in full, so it has paid out for the card spending since April 2021. I think those payments should be reimbursed.

In principle, I would also require Barclaycard to refund any interest and charges accrued in this period, and to rectify any adverse credit information for L. However, I understand that Barclaycard had already refunded fees and charges up to August 2022 and says that no further charges or fees have been applied since then, and no negative credit file information has been registered. In this case, therefore, I don't think Barclaycard needs to refund anything further for fees or charges, or to do anything further regarding credit information.

In summary, I think a fair and reasonable settlement of this complaint would be for Barclaycard to refund all the credit card payments made by direct debit since April 2021, net of any sums already refunded. As L has been deprived of the use of the funds, I also think compensatory interest should be paid from the time the direct debits were taken.

Mr S says that L hasn't received the £400 that Barclaycard said was credited at the time of its response to the complaint in August 2022. However, Barclaycard has provided a copy of L's card statement which shows that the money was credited to the account in August 2022. I'm therefore satisfied that L has already received this compensation from Barclaycard.

In response to my provisional decision, Mr S also said he has had to keep L running for the period of the complaint after it ceased trading, which has cost £300 in bank account fees and £142 for completing L's confirmation statement for two years. But in my view, it wouldn't be reasonable for me to award L (which is the complainant) the costs of maintaining its own existence while it complains. If L is dissolved later than it would have been without the

complaint, then any loss from the delay would be suffered by its creditors or former members by way of reduction of any distribution on dissolution, and I can make no award to them as they aren't the complainants in this complaint.

My final decision

My final decision is that I require Barclays Bank Plc (trading as Barclaycard) to reimburse L for all of the sums paid by direct debit from May 2021 to date for the credit cards, minus any sums already reimbursed for that period.

Interest at 8% simple should be added to the above sums reimbursed from the time of payment to the date of settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 30 May 2024.

Colin Brown
Ombudsman