

The complaint

Mr C and Mrs C complain that Barclays Bank UK PLC didn't alert them that there were insufficient funds in their account to pay a direct debit. Mr C and Mrs C complain Barclays later told them the direct debit originator had credited funds to their account, and they should call the originator of the direct debit to put things right.

What happened

On 21 July 2023, Barclays sent Mr C and Mrs C a "push" notification explaining there were insufficient funds in their account to pay a direct debit. The direct debit was returned unpaid the same day. When Mr C called Barclays on 24 July, Barclays told him that the funds had been returned by the originator. Mr C then had to call the originator to query why it had returned the funds to their account. The originator told Mr C that Barclays had returned the direct debit as unpaid. Mr C and Mrs C complained to Barclays.

Barclays apologised that it had told Mr C and Mrs C the funds had been returned by the originator and for the confusion this had caused. Barclays said it had sent Mr C a notification on 21 July to tell him there were insufficient funds in the account to pay the direct debit. And, that as it hadn't received funds into the account by 3:00 pm that day, the direct debit wasn't paid. Barclays offered to refund the £12 late-payment fee it had charged for the direct debit it returned and to pay £25 for the inconvenience caused by the misinformation it provided. This offer was declined by Mr C and Mrs C.

Mr C and Mrs C brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. The Investigator thought Barclays should pay £100 to Mr C and Mrs C to recognise the inconvenience the misinformation had caused them. Barclays asked that an Ombudsman decides the complaint.

I've reached a significantly different outcome to our Investigator, so I decided to issue a provisional decision. I said I would consider any more comments and evidence that I get by 14 May 2024. But unless the information changes my mind, my final decision is likely to be along the following lines:

"Mr C and Mrs C are signed-up to receive notifications on their account. Mr C says he recalls receiving a notification on 21 July (Friday), but when he looked later in the day, he couldn't see it on his mobile phone. Barclays says it sent a notification advising Mr C that he needed to pay in funds to cover the direct debit amount by 3:00pm, but it only keeps a record of these for 90-days. Barclays has provided evidence that Mr C logged into the account at 3:04 pm on 21 July and that it sent Mr C and Mrs C an unpaid direct debit letter on the same day.

Mr C says he called Barclays to find out what had happened and was told the payment had been returned by the originator. The evidence provided supports this call took place 24 July (Monday) and not 21 July. Barclays accepts the information it provided in this telephone call was incorrect.

In this case, I think it's more likely than not Barclays sent Mr C a notification about the

need to pay funds into the account to ensure the direct debit was paid. It's unreasonable for me to speculate what happened to this notification after it was sent, but I'm persuaded by the submissions of Mr C and Barclays that the notification was more likely than not received. Regardless of this, Mr C and Mrs C do have a responsibility to ensure there are funds in the account to cover direct debits that are due. Therefore, as no funds were paid into the account before 3:00 pm, I intend saying Barclays didn't do anything wrong when it returned the direct debit as unpaid.

Barclays accepts it told Mr C the originator had paid funds into Mr C and Mrs C's account. This led to Mr C calling the originator to try and understand why this may have happened. If Barclays had provided accurate information, Mr C wouldn't have had to make this call. Once Mr C understood what had happened, he had to call the originator again to make a payment to replace the one that was returned unpaid. This additional call would always have had to have been made once the direct debit had been unpaid. So, although Mr C was inconvenienced, I don't think it was significant. Barclays has already offered to resolve the complaint by refunding the direct debit late-payment charge and paying Mr C and Mrs C £25. I intend saying this is a fair and reasonable one to resolve this complaint and is in line with the guidance we publish on our website where the inconvenience is not significant.

Mr C says the unpaid direct debit resulted in his credit card limit with the originator being reduced. Regardless of there being no evidence to support this was the case, I intend saying that if there was any reduction this would more likely than not be due to a direct debit payment being returned unpaid. And, as I've already explained, I intend saying this wasn't due to an error Barclays made."

Barclays told me it accepted my provisional decision and had no further comments to make.

Mr C and Mrs C asked me to consider that Mr C called Barclays on 21 July and not 24 July as I'd recorded in my provisional decision. Mr C and Mrs C explained they would leave the salary Mr C received in their current account to meet their monthly outgoings. And, if they had any surplus that they knew wasn't going to be needed that month, they would place it into a savings account or make long term investments. Mr C and Mrs C say they had more than enough funds with Barclays to meet an entire month's worth of outgoings had the need arose, it was just they were not in the correct account.

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 that Mr C and Mrs C will be disappointed, but I've decided that my provisional decision is a fair and reasonable one in the circumstances of this complaint. I have decided to adopt this as my final decision, but I will address the comments Mr C and Mrs C provided.

In respect of the telephone call Mr C made to Barclays, I've listened to this call. Mr C refers to receiving a "push" message from Barclays on Friday (21 July) that advised him to pay in funds into the account to prevent the account going overdrawn. In this call Mr C explained that he temporarily forgot about this message and that when he went on-line later that day, he saw the account was back in credit.

I asked Barclays whether it had a record on any calls from Mr C on 21 July and it carried out a further check. Barclays confirms that its customer notes show Mr C first called on 24 July and that it has no calls from Mr C on 21 July. If I take into account that in the call on 24 July Mr C refers to the event happening on a Friday, I think it's more likely than not Mr C's first

call about the returned direct debit was made after it had been returned, and that it took place on 24 July.

Regardless of the date of the call, Mr C told Barclays he had received the notification it had sent him telling him he should pay funds into his account to prevent it going overdrawn. This persuades me Mr C and Mrs C were aware that a debit had been applied to the account, and that Barclays had taken reasonable steps to make them aware of this.

I appreciate Mr C and Mrs C may have had funds available in other accounts with Barclays, but when operating an account in the way Mr C and Mrs C choose to do, it's ultimately their responsibility to ensure there are sufficient funds in the account to pay any debits presented. Unfortunately, the evidence supports that Mr C and Mrs C didn't review their account until after 3:00pm on 21 July, by which time Barclays had returned the direct unpaid as there were insufficient funds to pay it.

Barclays has accepted that the information it provided to Mr C on 24 July was incorrect. Barclays offered to refund the £12 late payment fee charged by direct debit originator, and to pay Mr C and Mrs C £25 by way of an apology.

My final decision

For the reasons above, I've decided the offer Barclays Bank UK PLC has already made to resolve the complaint is fair in all the circumstances, and it should pay Mr C and Mrs C £25 and refund the late-payment charge of £12 to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 19 June 2024.

Paul Lawton
Ombudsman