

The complaint

Mr B complains that Barclays Bank UK PLC trading as Barclaycard (Barclaycard) made errors in managing his account.

What happened

Mr B had a Barclaycard with a limit of £2,850. In May 2020, the balance was £2,842. The minimum payment due by 8 June 2020 was £85.98. The direct debit was returned unpaid on 10 June 2020. No payments were made to Mr B's Barclaycard account between June 2020 and October 2020 inclusive. His credit file was marked with missed payments for those months. In September 2020, his card was suspended. By October 2020, the arrears were £518.78 – and this amount was paid on 26 October 2020.

Mr B complained that he tried to change the bank details for his direct debit – so the minimum payment could come from that bank. But he said Barclaycard's app wouldn't allow him to do that. As a result, he was charged interest and fees for the missed payment in June 2020. After that, his household income had been affected by the pandemic and he also had some large unexpected bills, so he couldn't afford to make the payments, either in June 2020 or after that. After the missed payment in June 2020 – the interest and charges built up, and then by July 2020 – the minimum payment doubled because of the missed payment in June 2020. He said he'd been upfront with Barclaycard all along about his situation – but they'd not given him any help. He was now faced with markers on his credit file – which were unfair and restricted his ability to get credit.

Mr B said he couldn't get through to Barclaycard on the phone as the wait times were excessive – so wasn't able to discuss his issues with them. When he spoke to the complaints team, there was a dispute about whether they'd speak to Mr B's wife. He said he'd been bullied into paying a lump sum to Barclaycard to get his account reinstated – this amounted to about £600 in missed payments. He had to borrow this from his family. Mr B wants his credit file amended, and the amount of the lump sum payment refunded to him. He said the whole experience caused him a lot of stress and embarrassment.

Barclaycard said they'd not provided a good service to Mr B. They should've told Mr B in June 2020 that if he'd applied for a payment holiday under the Financial Conduct Authority's (FCA) scheme, he wouldn't have had his credit file marked with missed payments. But as things stood, the markers on his credit file should remain in place as they were factually correct. Although there were difficulties with Barclaycard's app at the time, Mr B could've made payments to his account using other methods such as online banking, telephone banking, cheque, in branch or by direct debit. They paid compensation of £100 and refunded the interest for June 2020 and July 2020 – this came to a further £121.23. On the matter of speaking to Mr B's wife, they admitted they spoke to her without completing security procedures and for this, paid compensation of £75.

Mr B didn't agree and brought his complaint to us. Our investigator said Barclaycard hadn't acted fairly. When Mr B spoke to Barclaycard in June 2020 – they should've provided him with more information about the payment holiday scheme. Had they done so, it would've likely been agreed for June 2020 to August 2020 and then for a further three months from

September 2020 to November 2020. And this would've also meant that the missed payment in June 2020 would not have been reported to the credit reference agencies (CRAs), nor the missed payments thereafter. She said that Barclaycard should remove the missed payments markers from Mr B's credit file for the months reported between June 2020 and November 2020. She felt the compensation of £100 was fair – and noted also that interest of £121.23 had been refunded. She said that if he'd taken a payment holiday, this interest would've been paid. She didn't feel that the data breach had any impact – as it was clear that it was Mr B's intention for his wife to deal with his complaint when Barclaycard called. And so, the compensation for this aspect of Mr B's complaint had been dealt with.

Mr B didn't agree and asked that an ombudsman look at his 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.

The crux of Mr B's complaint is that he told Barclaycard that he couldn't afford to pay his credit card instalments. But they gave him no help. Instead, he missed payments to his card for several months and his credit file was marked. He said his card was then cancelled and he was pestered to make payments – and he had to borrow money from his family to pay off the arrears. He says this was embarrassing. He wants compensation for what happened, and his credit file changed to remove the missed payments. He also says that on one occasion Barclaycard didn't complete security checks when he asked that his wife speak on his behalf – and this was a data breach. He says that he couldn't get to speak to Barclaycard to sort matters out because of the long wait times on the phone.

In March 2020, The Financial Conduct Authority (FCA) announced guidance to lenders in response to the effects on customers of the COVID-19 pandemic. All lenders, including Barclaycard, had to put in place 'payment holidays' on many credit agreements, including credit cards – to help customers who were affected. Customers could ask for a total of two payment holidays, each of three months – whereby payments could be suspended. Missed payments would not be reported to credit reference agencies, although interest would still be debited to the accounts. This support was provided by firms up to the end of October 2020.

In September 2020, the FCA announced that the support scheme would change from the end of October 2020. From then, firms could continue to support customers in difficulty – but it was down to their discretion and customers' circumstances. And – reporting to credit reference agencies was reintroduced for people that had already had the maximum six months of payment holidays.

I can see that Mr B's direct debit for £85.98 was returned unpaid on 10 June 2020. In Barclaycard's records it's shown as the 'first payment' – because it was due to be paid from a new bank account. And it was returned unpaid again the next month - on 8 July 2020 – and it was then cancelled. This would've been standard procedure – if a bank believes a direct debit won't be paid, it takes the action to cancel it rather than trying to take the money again in subsequent months. Mr B told us that he didn't have the money anyway to meet the direct debit in June 2020 - as he'd had unexpected bills and his household income was affected by the pandemic. And – I can see from Barclaycard's notes that when Mr B contacted them on 10 June 2020 – he said he wanted to avoid any impact on his credit file. And when he messaged them again on 24 June 2020, he repeated he didn't want anything to affect his credit file. Barclaycard replied on 24 June 2020 and suggested he consider the FCA's payment holiday scheme – and said he should look at its details on their website. But unfortunately, they didn't spell out anything more about it – for example, some basics of how it would work; that it would avoid any impact on his credit file or provide a link to its details. If

they had, then it's likely that Mr B would've applied for and had agreed a three-month payment holiday for June 2020 to August 2020 and then again from September 2020 to November 2020. Barclaycard have said to us that it would've been agreed. This would have meant that the missed payments would not have been added to Mr B's credit file.

This is the key point here. Mr B should've been offered a payment holiday and been advised how it could help him. But – this didn't happen.

On the other hand, I didn't see that Mr B went online and applied for a payment holiday – as he could've done. If he had, it could've been agreed from (say) the end of June 2020 – and he could've asked Barclaycard for it to be backdated to cover the June 2020 payment. I also accept however, that Mr B was having trouble in getting through to Barclaycard on the phone during the period – and this may have prevented him from doing that.

Barclaycard have also said that Mr B could've used other methods of payment to pay into his Barclaycard account – such as online banking, telephone banking or at a Barclays branch. This is a reasonable point – and Mr B could've prevented or reduced the arrears on his account by doing that. I've seen his bank statements and while I'm not aware of his overall commitments, it does appear that he may have had some funds available to make some, or part of the payments during the months between June 2020 and October 2020. So – I am taking these points into account when deciding upon the outcome of this complaint.

Mr B has said that he couldn't easily speak to Barclaycard because of the long wait times on the phone – and I can accept that. Barclaycard told us that this was caused by the pandemic, with many staff being off sick or working from home. They've acknowledged that this was a known problem at the time.

Mr B has also said that Barclaycard breached data security when they didn't complete sufficient checks when he wished his wife to handle his complaint. Barclaycard have admitted this and apologised – and paid compensation of £75. I don't consider and there was any adverse effect of what happened here. I listened to the call on 16 June 2020 – and while this wasn't the occasion in question, Mr B did state then that he wanted his wife to speak to Barclaycard on his behalf - so there was an intention for her to do that.

Barclaycard have paid compensation of £100 plus a refund of interest of £121.23 – being the interest in June 2020 and July 2020. If Mr B had been given a payment holiday (as he should have), then this interest would have been payable. And so – the refund of interest is a benefit to Mr B. He has also said he wants a refund of the amount of arrears he had to pay - £518.78 was paid in October 2020. This was made up of missed payments for the five months between June 2020 and October 2020. I've considered this. The minimum payments comprised of interest (which would have been payable under the payment holiday scheme) and capital (which is money that Mr B had spent on the card and it's therefore fair that he repays it). So – I don't think it would be fair to ask Barclaycard to refund this amount. And so – on balance and taking into account the circumstances of Mr B's complaint, I believe the compensation of £100, plus the refund of interest of £121.23 for what happened is right.

Mr B has questioned whether it was fair to credit his credit card account with the compensation payments of £100 and £75 – as these have only paid the debit interest. I've considered this also. The interest would've been payable under the payment holiday scheme. And so – the balance of the card account would've included the interest. And so – by paying the compensation to Mr B's card account, Barclaycard reduced the amount owing by Mr B – so he did benefit by the amount paid.

I think the main thing to put right is the matter of missed payment markers added to Mr B's credit file – as Mr B has asked when he put his complaint to us. I agree these should be removed as Mr B should've been given a payment holiday.

My final decision

I uphold this complaint. Barclays Bank UK PLC trading as Barclaycard must:

- Remove any adverse information added to Mr B's credit file between June 2020 and November 2020.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 4 May 2022.

Martin Lord
Ombudsman