

The complaint

Mr W complains about the way a balance transfer he made has been handled by Barclays Bank UK PLC trading as Barclaycard.

What happened

In March 2018, Mr W transferred a balance from another credit card to one with Barclaycard. The balance was due to be interest free until September 2019 provided all repayments were made on time. Mr W received a letter dated 8 March 2018 saying a direct debit had been set up to take the full amount. But as he'd asked for only the minimum payment to be taken, he complained to Barclaycard to have it corrected. Barclaycard changed his direct debit and wrote to Mr W confirming his complaint was resolved but didn't confirm the amendment.

Following this, the payment due in April 2018 wasn't made, so Barclaycard began charging interest on the balance as the terms of the promotional deal had been broken. Mr W says he was unaware of the problem until much later.

In June 2020, Mr W complained to Barclaycard that he'd been charged interest. He said he'd never received confirmation that his direct debit had been changed in 2018. He also mentioned a call he'd made to Barclaycard during which he'd failed security as the call handler said he'd got his own name wrong.

Barclaycard said it had tried to collect the payment due in April 2018 by direct debit, but it had failed due to insufficient funds. It said the terms of the transfer had been broken, which meant it was entitled to charge interest on the sum outstanding. But it acknowledged it had failed to send a letter confirming the direct debit terms had changed. As a gesture of good will, it paid Mr W £50 and refunded half of the interest charged between the missed payment and the end of the promotional period - a refund of £292.78.

Mr W was unhappy with Barclaycard's response, so he referred his complaint to us. We established that we could not look at the original complaint regarding the direct debit initially being set up to collect the full repayment. Barclays had responded to that in 2018, but Mr W hadn't referred it to us in time. But we could look at the remaining issues surrounding the missed payment in April 2018, the interest charged, the failed security and the impact this had on Mr W. He explained that since these problems, other credit card providers had reduced his limits or withdrawn cards altogether.

One of our investigators looked into those issues. He reached the view that Barclaycard hadn't attempted to collect the April 2018 payment. So he said it should treat the account and Mr W's credit file as if that payment had been made. In other words, it should refund all interest charged during the promotional period (March 2018 to September 2019) and remove any late payment marker added to Mr W's credit file in respect of that missed payment. He said Barclays should pay Mr W £300 for the trouble and upset caused to him as a result of this mistake and the call in which he failed the security check.

However, our investigator didn't agree with Mr W's view that other creditors had reduced or withdrawn his facilities due to the mistakes by Barclaycard. He said he thought it more likely

the facilities had changed because Mr W had cancelled his direct debit to Barclaycard in September 2020 and not made any further payments.

Mr W didn't agree with our investigator. He said, in summary:

- There were exceptional circumstances which meant he didn't refer his first complaint to us.
- He felt it was reasonable for him to stop paying Barclaycard from September 2020 onwards as Barclaycard had breached the contract.
- Had Barclaycard not breached the contract, he wouldn't have found himself in the position he is now with limited access to credit.
- The compensation of £300 is too low for the trouble and upset he's experienced.

As there was no agreement, the complaint has been passed to me for a final decision.

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 acknowledge Mr W's reasons for not complaining to us sooner about the direct debit initially being set up incorrectly. He gave us that information when we were initially discussing our jurisdiction earlier in this process. While I have every sympathy for the circumstances Mr W has been through, my decision remains unchanged in that regard. As explained however, I can deal with the other issues he's raised.

There is no dispute that Mr W's balance transfer to Barclaycard didn't go smoothly. Barclaycard made a mistake at the outset which may have led to the problem with the first payment in April 2018. It said it attempted to claim under a direct debit, but that Mr W's bank returned it unpaid for insufficient funds. But Mr W's bank has provided evidence that it didn't receive a claim and that he did have sufficient funds at the time. So it seems more likely than not that a problem occurred which meant the Barclays didn't make the claim properly.

If the claim had been made properly (as all subsequent payments were), Mr W wouldn't have paid interest on the balance until the promotional rate expired in September 2019. It is right therefore, that Barclaycard should refund any interest charged in that promotional period, and remove any detrimental information recorded at the credit reference agencies during that period.

Mr W continued to make payments until September 2020. He didn't arrange to transfer the balance away from Barclaycard or, from what he's told us attempt to pay off the balance by other means. So he would always have incurred interest on the balance after September 2019 when the promotional terms expired. On that basis it wouldn't be fair and reasonable for me to tell Barclaycard to refund interest after that.

Mr W has since told us of problems he's encountered with other financial services providers. Given what he's told us about his payment history with them and the timing, I've no reason to suspect that these problems occurred as a result of the missed payment in April 2018.

Mr W cancelled his direct debit to Barclaycard at the end of September 2020. He says he feels Barclaycard had broken the contract it had with him, so he felt it was reasonable to stop making payments. I don't agree; let me explain why.

Mr W entered a contract with Barclaycard for it to lend him money on the basis that he'd make a minimum monthly repayment. Barclaycard lent him that money, so it's right that he

should repay it. As I've said already, the transaction didn't go smoothly at the beginning – a payment was missed through no fault of Mr W's and I'll be instructing Barclaycard to put that right. But that doesn't mean that it's fair or reasonable for Mr W to stop making repayments on money he's borrowed. I can't hold Barclaycard responsible for Mr W's decision to stop making payments, or for the problems he's had as a result of that decision.

Putting things right

I have thought carefully about the level of award to make to Mr W in view of the problems he's experienced. It's clear that he was asked to pay interest while he was on the promotional rate. That, and the other issues he complained about in June 2020 will no doubt have caused him some distress, and I think a payment of £300 is reasonable in that regard.

Mr W is seeking a much higher award due to the problems he's now experiencing. But for the reasons I've explained, I think those problems stem from his decision to stop making payments, rather than the mistakes Barclaycard made at the outset. I think Barclaycard should:

- Remove any late payment or other adverse markers added to Mr W's credit file during the period of the promotional offer.
- Refund interest as if the promotional offer wasn't affected by the April 2018 payment.
- Pay Mr W £300 for the trouble and upset he's experienced.

My final decision

For the reasons I've set out, I uphold Mr W's complaint. Barclays Bank UK PLC trading as Barclaycard should put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 14 December 2022.

Richard Hale
Ombudsman