

The complaint

Mrs Q and Mr U complain Barclays Bank UK PLC (“Barclays”) has failed to rectify their credit files by removing adverse information from them. Mrs Q and Mr U add that Barclays has unfairly charged them fees for its tech insurance and that Mr U has been taken off their joint account.

Mrs Q and Mr U say Barclays’ actions have caused them substantive financial loss, distress, and inconvenience.

What happened

In 2021, Mrs Q and Mr U fell victims to a crypto currency related scam. They lost around £55,000 to this fraud. Barclays didn’t uphold Mrs Q and Mr U’s scam claim, and they referred their complaint to this service.

Mrs Q and Mr U’s account was overdrawn for around £50,000 and they didn’t have an arranged borrowing facility on the account. As the scam claim wasn’t upheld by Barclays, adverse information about the position of the account was reported with the relevant credit reference agencies.

In February 2023, another of our ombudsman issued their final decision on this complaint. They upheld the complaint and directed Barclays to refund Mrs Q and Mr U around £52,000 and pay 8% simple interest on this amount. Mrs Q and Mr U accepted the ombudsman’s decision, and Barclays put things right as directed by the ombudsman.

Mrs Q and Mr U noted that following our ombudsman’s decision on their scam complaint – which was handled under a separate reference number at this service – Barclays had continued to debit their account for ‘tech pack’ insurance, and Mr U had been removed from their joint account. Mrs Q and Mr U add that Barclays had terminated their account in error which led to Mr U being taken off the account, and it deleted information about their account history.

Mrs Q and Mr U also noticed, when applying for a mortgage, that Barclays hadn’t removed adverse information relating to the overdraft position which the scam had created. Mrs Q and Mr U say this has led to them being declined a decent mortgage product with a competitive interest rate. Because Barclays didn’t remove this adverse information from their credit files, Mrs Q and Mr U estimate it’s cost them over £60,000.

Unhappy about this, Mrs Q and Mr U complained. Barclays upheld Mrs Q and Mr U’s complaint. Across two responses, and in summary, it said:

May 2023 response

- Barclays has upheld Mrs Q and Mr U’s complaint, and has credited their account with £150 for the frustration and inconvenience caused
- Barclays erroneously credited Mrs Q and Mr U’s account with a further £150 – but

this will remain in their account as a gesture of goodwill

- Barclays has completed documentation for the Credit Reference Agency to amend Mrs Q and Mr U's credit file

June 2023 response

- Barclays has taken steps to restore Mrs Q and Mr U's account to its joint status, and it will issue them both with debit cards
- Tech insurance was removed from the account at the time as it was closed in March 2022. The benefit of the insurance was still available to Mrs Q and Mr U up until the point the account was closed
- Barclays has records of Mrs Q and Mr U's entire account history, and it will send this information to them for the period between January 2021 and June 2023
- Barclays has credited Mrs Q and Mr U's account with £100 for the distress and inconvenience these issues have caused them. And it's credited the account with £100 to cover the tech pack fees which Mrs Q and Mr U paid between August 2021 and March 2022 as a gesture of goodwill

Mrs Q and Mr U referred their complaint to this service. One of our Investigator's then looked into it. They recommended the complaint is upheld. In short, their key findings were:

- Barclays should remove any late payment markers from both Mrs Q and Mr U's credit files
- Although Barclays refunded Mrs Q and Mr U following their complaint about being scammed, it didn't correct their credit files. Barclays should remove this adverse information as it relates to funds they'd been defrauded out of as part of a scam
- Barclays reopened the account, but only in Mrs Q's name – and not in joint names as it was before. Barclays also deleted data from their systems, and Mrs Q and Mr U were still being charged for their tech pack whilst their account was in deficit
- Barclays apologised for the errors made, reopened the account correctly, arranged to send all the data by post to Mrs Q and Mr U, and refunded them £100 to cover the insurance payments as well as pay £100 in compensation. Barclays also paid a further £300 in compensation for the distress and inconvenience caused in not correcting their credit file earlier
- Mrs Q and Mr U would like compensation for not being able to get a mortgage with an affordable interest rate as Barclays had not corrected their credit files. But after looking at both credit files, and the letters sent by Mrs Q, Barclays' adverse information on the credit files was not the sole reason they couldn't secure a mortgage. So Barclays doesn't need to pay any more compensation

Mrs Q and Mr U didn't agree with what our Investigator said. They say they've provided enough evidence to show Barclays' error in not correcting their credit files has led to them suffering substantive financial loss due to not being able to get a good and affordable mortgage product from a range of prime lenders. Mrs Q and Mr U also add that letters from their mortgage broker supports this position.

Mrs Q and Mr U say Barclays still hasn't rectified their credit files. As there is no agreement,

this complaint has now been passed to me to decide.

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.

Having done so, I've decided to uphold this complaint in part. I'll explain why.

Credit file correction

Barclays has said it would amend Mrs Q and Mr U's credit files to show no adverse information against them for when the account was in an unarranged overdraft position due to them being scammed.

This wasn't something Mrs Q nor Mr U complained about alongside their previous scam complaint. But given that complaint was upheld by another ombudsman, it would follow that this should've been rectified as it relates to putting them back in the position, they would have been in, had Barclays done what they ought to have by upholding their claim. I note Barclays wasn't directed to do this.

This finding is effectively moot as Barclays has already agreed to correct this. But the information Mrs Q and Mr U have provided shows their credit files still has adverse information on them relating to around £49,000 debt and missing payments from the scam.

So if it hasn't already, Barclays should now ensure this information is removed from Mrs Q and Mr U's credit files. Should Barclays want to see how this information is being reported, they can request this service to send them copies of Mrs Q and Mr U's credit reports.

Insurance package fees, account information, and removing Mr U from the account

Mrs Q and Mr U have confirmed that any tech package fees charged during the period they've complained they were unfairly charged, have been refunded by Barclays. I don't think Barclays needs to do any more.

Barclays has also confirmed that it has all of Mrs Q's and Mr U's account information which it said it would send to them. I don't think it needs to do any more. Similarly, Barclays accept that it shouldn't have removed Mr U from the account after it was re-instated in 2023. Barclays have since re-added Mr U.

Distress, Inconvenience and financial loss

Barclays say it has paid £400 in total for the distress and inconvenience Mrs Q and Mr U have suffered because of its actions. Mrs Q and Mr U don't agree this is fair compensation. They say that the adverse information applied to their credit files in relation to the overdraft position the scam put them in has prevented them from getting an affordable mortgage. Instead they've been offered a much higher interest rate product from a sub-prime lender.

Firstly, Mrs Q and Mr U have not materially suffered any loss yet as it appears they haven't bought a property. So its more case of them suffering a lost opportunity by not being able to purchase a new home. This is of course a hypothetical loss - and would no doubt cause them substantive distress.

But having carefully reviewed the credit files I've been provided, I'm not persuaded that had Barclays not applied these adverse markers, it would have made a difference to Mrs Q and

Mr U getting the type of mortgage they wanted.

I say this because the credit reports I've been given show Mrs Q had a bankruptcy order applied against her in September 2018, and that she had around seven defaulted creditor accounts around the same time.

Adverse credit information typically stays on a consumer's credit file for at least six years. So I think its most likely that even if Barclays hadn't applied this information to their credit files, Mrs Q and Mr U wouldn't have been able to get the type of mortgage rate they wanted until at least the end of 2024.

In reaching this decision, I'd like to assure Mrs Q and Mr U that I've carefully considered the information their broker has provided. But this doesn't change my mind.

Lastly, for any delays in removing the adverse credit information, erroneously removing Mr U from the joint account when re-instating it, I'm satisfied the £400 Barclays has already paid Mrs Q and Mr U is fair compensation.

I note Barclays were able to get all the historic account information for Mrs Q and Mr U. It has also refunded their tech pack insurance costs, despite Mrs Q and Mr U benefitting from the cover whilst the account was open.

My final decision

For the reasons above, I uphold this complaint in part. Barclays Bank UK PLC must now correct Mrs Q and Mr U's credit file as explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Q and Mr U to accept or reject my decision before 8 March 2024.

Ketan Nagla
Ombudsman