

The complaint

Mr C is complaining about Barclays Bank UK PLC trading as Barclaycard because it reported a late payment to credit reference agencies (CRAs) when his direct debit payment was returned. He says he was told he had 14 days to make payments in this scenario before his credit file would be affected.

What happened

Mr C had a Barclaycard account with a direct debit set up to make the minimum payment each month. On 13 April 2023, his direct debit was returned unpaid. He contacted Barclaycard to address this, making payment on 17 April. The following month, the same thing happened when the direct debit was returned unpaid on 15 May and Mr C made a payment separately on 17 May.

As I understand it, Barclaycard didn't report the late payment in April to the CRAs, but it did report the late payment in May. It says its policy is not to report a late payment provided the customer corrects this within 14 days. But this only applies if the previous monthly payment wasn't late as well. Because the April payment was also late, Barclaycard reported the late payment in May.

Mr C says he'd previously been told about the 14-day window in respect of CRA reporting but wasn't told this was conditional on the previous payment being made on time.

Barclaycard didn't uphold the main point of Mr C's complaint. But it did say it was crediting £50 to his account in recognition of unrelated incorrect information being given when he called to complain on 30 June 2023.

After the complaint was referred to me, I issued a provisional decision setting out why I believed the complaint should be upheld. My findings are attached in full at the end of this decision.

Barclaycard accepted my provisional decision, saying it has already credited £50 to Mr C's account. Mr C accepted my provisional decision but said he reserves the right to take further action in terms of legal remedies.

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.

As neither party has made any further submissions in response to my provisional decision, my findings haven't changed from those I set out previously.

The only thing I do need to draw to Mr C's attention is that my final decision will be binding on both parties if he accepts it. That means he wouldn't be able to take further action, including legal action, against Barclaycard. He should have this in mind when deciding whether or not to accept this decision.

My final decision

For the reasons I've explained, I'm upholding Mr C's complaint. Subject to his acceptance, Barclays Bank UK PLC trading as Barclaycard should now put things right as I've set out in my provisional decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 15 April 2024.

Extract from provisional decision:

What I've provisionally 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 reached different conclusions to the investigator. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In my view, this complaint turns on what Mr C was entitled to believe would happen if his direct debit bounced and he made payment shortly after. Barclaycard says it has no record of earlier calls with him where this issue was discussed so I've relied on the information we know was available to him, namely the account terms and conditions along with the information on its website.

The terms and conditions say a late payment fee will be charged if a payment is not made on the due date and Mr C isn't disputing this point. His complaint instead relates to Barclaycard's policy of reporting late payments to the CRAs. It's outlined its policy of reporting a late payment in months where the previous payment was also late but this isn't set out in the terms and conditions and I don't believe that document assists with resolving this particular dispute.

Barclaycard's policy on this issue is instead set out on its website under the heading "Will a late payment affect my credit rating?". The answer reads as follows:

"Yes, it could. We know that lots of things can lead to a payment being late. So, as long as you were up to date last month, and you can get your payment to us within 14 days of the payment due date (which counts as day one), your credit file won't be affected. A late fee will still apply, this'll appear on your next statement.

"So, if your payment's due on the 10th of the month and is processed by us on, or before, the 23rd, your credit file won't be affected. But we'll still have to charge you the late payment fee."

I think the wording is very clear that to avoid their credit file being affected a customer needs to pay within 14 days of the due date and Mr C achieved this in both April and May 2023. What I think is much less clear is that this is conditional on the previous monthly payment being made by the relevant due date.

I don't doubt this is what Barclaycard intended by the phrase "as long as you were up to date last month" but I think the words "up to date" can be interpreted differently and that the

wording is insufficiently clear. Taking an objective view, particularly in the absence of further clarification in the account terms and conditions, I think it would be reasonable for a customer in Mr C's position to believe they're "up to date" simply because the previous month's payment has been made – whether or not this was done before the due date.

It's clear from reading Mr C's complaint and listening to his complaint call on 30 June 2023 that protecting his credit file is very important to him and had Barclaycard made it's policy clear, I think it's likely he'd have made sure at least the minimum payment was made before the due date in May 2023. It's for this reason that I'm currently proposing to uphold this complaint.

Going forward, Barclaycard may want to revisit the wording of its website and terms and conditions to make this point clearer. But either way, Barclaycard has a responsibility to make accurate reports to the CRAs and Mr C at least should now understand how the policy works. I wouldn't therefore expect Barclaycard to refrain from reporting a second late payment if this situation is repeated.

According to its letter to Mr C dated 30 June 2023, Barclaycard allows customers to review the payment dates on their account and this may be something he wants to consider to avoid a repeat of this episode. The letter provides a clear explanation of when statements are issued and payments fall due and how these dates change from month to month. In light of this information, Mr C should hopefully be able to make an arrangement that suits his needs and ensures he has adequate time to make his monthly payments.

Finally, I note Barclaycard has accepted there were issues with how the call with Mr C on 30 June 2023 were handled. This call came after the missed payments in April and May so didn't contribute to any misunderstanding of Barclaycard's policy. But nonetheless, incorrect information was given and I think Barclaycard's offer to credit £50 to Mr C's account represents reasonable compensation for any distress and inconvenience this caused.

Putting things right

The principal aim of any award I make is to return Mr C to the position he'd be in but for Barclaycard's error. As I've already said, if it had made its policy regarding the reporting of late payments to the CRAs clear, I think it's likely Mr C would have made sure at least the minimum payment was made before the due date in May 2023.

To put things right, I think it follows that Barclaycard should remove any adverse information recorded on Mr C's credit file relating to the late payments in April and/or May 2023.

Also, and only if it hasn't already credited £50 to Mr C's account in recognition of how the call on 30 June 2023 was handled, Barclaycard should now do so.

My provisional decision

For the reasons I've explained, I'm currently proposing to uphold Mr C's complaint and that Barclays Bank UK PLC trading as Barclaycard should now put things right as I've set out above.

James Biles
Ombudsman