

## The complaint

Mr P complains that Barclays Bank UK PLC trading as Barclaycard (Barclays) unfairly defaulted his credit card account.

## What happened

In early 2023, Mr P was struggling to keep up with his credit card payments. Barclays agreed several periods of breathing space before issuing a default notice in September 2023.

After Mr P didn't repay the outstanding arrears, Barclays defaulted his account at the end of October 2023.

Mr P says that problems with his mental health in 2023 impacted his ability to manage his finances. Mr P says that he received conflicting and confusing information from Barclays about his account.

Mr P says that on 21 October 2023, Barclays rang him but could not take him through security as its system froze. Mr P says that he asked Barclays whether he had to do anything and was there anything to worry about. Mr P says Barclays told him there was nothing to worry about. So, he expected Barclays to call him back to make the payment to avoid the default.

Mr P says Barclays has confirmed that it didn't apply the default until 31 October 2023. As Mr P spoke with Barclays on 27 October 2023, he says he could have avoided the default if he'd made a payment of £120. As Barclays instead discussed a repayment plan, he thought he was then avoiding the default.

Mr P says that he previously had an unblemished credit score. He thinks it's inconceivable that he would have allowed a default to be placed on his credit file just to avoid making a payment to Barclays of £120. Mr P says he needs Barclays to remove the default so that he can obtain a mortgage. He points out that he is now in work and is repaying the debt.

Our investigator didn't think Barclays acted unfairly when it reported the default after Mr P's account fell into arrears. He thought Barclays made Mr P aware of what would happen if he didn't make the payments on time. And that it would apply the default if he didn't pay the arrears by 11 October 2023.

Our investigator thought Barclays responded sympathetically to Mr P's financial difficulties. He thought Barclays offer to pay £25 for any misleading information it gave during the call Mr P says took place on 21 October 2023 was fair.

Mr P disagreed with the investigation outcome. He said he would contact his mobile phone provider to get evidence of the incoming call from Barclays on 21 October 2023. Mr P said that if he knew Barclays was going to apply the default, he would have made the payment or asked family for help.

Mr P has since told us that he can't get a record of the call. He says he had funds available

through his overdraft facility to make the payment. Mr P says he didn't make the payment due to ill health and confusion.

Mr P says he was finding it difficult to get answers from potential employers at the time. And that this took a toll on his mental health.

### **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 realise that I have summarised this complaint in less detail than the parties and that I have done so in my own words. The rules that we must follow together with the informal nature of our service allow me to take this approach. But this doesn't mean I have not considered everything the parties have supplied.

In Mr P's case, I'm satisfied that Barclays treated him fairly when it agreed several periods of breathing space from early 2023. This was in response to his financial difficulties having lost his job. But just because Barclays gave Mr P some time to pay, doesn't mean his account was not in arrears.

From March 2023 onwards, the statements that Barclays sent to Mr P stated that his account was in arrears. So, by the time Barclays sent Mr P a default notice in September 2023, his account had been in arrears for over six months.

ICO guidance says that if a customer falls into arrears – as happened with Mr P – a default may be recorded to show that the relationship between customer and lender has broken down. The general rule is that this can happen once a customer is three months in arrears and normally by the time they are six months in arrears.

Although Mr P says that Barclays told him he needed to pay £120 to avoid the default, this is not what the default notice says. Barclays required a payment of over £470 by 11 October 2023.

I can see that when Mr P spoke with Barclays in September 2023, it was suggested he pay at least one minimum payment to stop the default being applied. But at this point, Mr P said he needed time to pay the minimum amount as he was trying to get a job.

When Mr P spoke with Barclays again on 9 October 2023, he said he would make the payment in two weeks. Barclays notes indicate that Mr P had to rush off so there was no further discussion. I think that if Mr P had been in a position to make a payment during this time, he would have done so. As no payment was received and Mr P didn't set up any arrangement to pay, I don't think it was unfair of Barclays to apply the default to his account.

Mr P refers to a call that he says Barclays made to him on 21 October 2023. Barclays has no record of this call so I don't know exactly what was discussed. However, by Mr P's admission, the member of staff was not able to pass him through security because Barclays' system had frozen. So, I am struggling to see how a member of staff was able to reassure Mr P that everything was fine.

Even if I were persuaded that Barclays spoke with Mr P on 21 October 2023 and told him that everything was okay, it wouldn't change my decision. This is because the deadline for paying the arrears to avoid the default had already passed. I apply the same thinking to the call Mr P had with Barclays on 27 October 2023. Although he says he could have avoided the default at this point, Barclays says it had already been applied to his account as no

payment had been received. I can't say this was unreasonable on the part of Barclays.

Barclays offered Mr P £25 for any miscommunication that may have taken place on 21 October 2023. I think this was a fair offer given that I don't think it would have been possible to avoid the default by this time.

Although Mr P says he had funds available to pay Barclays, this would have involved him going further into his overdraft. I am not persuaded that Barclays would have seen this as a sustainable option as it would only have served to increase Mr P's overall indebtedness. He has mentioned that family might have helped out but given the urgent need to bring the arrears up to date, I think that if outside help had been an option, Mr P would have already raised it with Barclays.

I understand Mr P was struggling with poor mental health around this time and I don't doubt the difficulties he faced, but overall, I am not persuaded that Barclays treated him unfairly when it reported the default. This means I can't require Barclays to amend Mr P's credit file.

Barclays agrees that it was unfortunate that after offering to set up a repayment plan, it could no longer do so as it had transferred Mr P's account to a third party debt collection business. I am sorry that this was disappointing for Mr P but I don't consider Barclays acted unreasonably when it transferred the account after applying the default.

### **My final decision**

Barclays has already made an offer which I think is fair. So, my final decision is that if it has not already done so, Barclays Bank UK PLC trading as Barclaycard should pay Mr P £25.

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

Gemma Bowen  
**Ombudsman**