

The complaint

Mrs W complains that Barclays Bank UK PLC trading as Barclaycard applied unfair rates of interest and charges to her account and failed to offer her support when she was in financial difficulties.

What happened

Mrs W held a credit card account with Barclaycard. In 2019 Barclaycard wrote to Mrs W to advise her that she had missed payments. As at December 2019 the account balance was £11,576.60, which was more than Mrs W's credit limit.

Barclaycard sent further letters to Mrs W confirming the balance and the payment due.

In April 2020 Barclaycard sent Mrs W an income and expenditure form to complete. It also provided details of several organisations which could offer debt advice and support.

In October 2020 Barclaycard agreed a payment plan with Mrs W, due to the account being in persistent debt. A fixed monthly payment was agreed with Mrs W and the interest charged on the account was reduced.

Barclaycard continued to send Mrs W letters confirming the balance and missed payments.

In December 2021 Barclaycard offered to set up a payment plan for Mrs W which would be free from interest. It said that in order to do this it required Mrs W to complete an income and expenditure assessment. Mrs W declined this because of the impact on her credit file.

In July 2022 Barclaycard wrote to Mrs W to let her know that her recent payment wasn't enough to clear the arrears on her account and that a payment of £672 was due. At this time the balance on the account was £6,990.47.

In September 2022 Barclaycard issued a Default Notice. The notice advised Mrs W that the sum of £1344 needed to be paid by 26 October 2022 and stated that the account would be defaulted if the payment wasn't made.

Mrs W didn't make the payment and the account was defaulted.

On 21 November 2022 Barclaycard wrote to Mrs W advising her that her account had been transferred to a third party. The outstanding balance at this time was £7,400.19.

Mrs W contacted Barclaycard in December 2022 and made a complaint. She said she'd requested a payment holiday several times, but no-one had got back to her. She said she hadn't been offered any support during the pandemic.

Barclaycard responded to Mrs W by telephone. Unhappy with the response, Mrs W brought her complaint to this service.

Our investigator didn't uphold the complaint. She said Barclaycard hadn't treated Mrs W unfairly.

Mrs W didn't agree. She said she didn't think Barclaycard had treated her fairly when she'd asked for support due to her financial difficulties.

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.

Mrs W has provided a lot of information to this service. My findings will focus on what I consider to be the crux of this complaint. I won't be commenting on every point that Mrs W has raised. This isn't intended as a discourtesy, but instead reflects the informal nature of this service, But I'd like to assure Mrs W that I've read and considered everything and if I haven't mentioned something it isn't because I've ignored it, but because I don't think it's necessary to mention it in order to reach a fair outcome on this complaint.

Persistent debt

Under the relevant FCA guidance, where a lender identifies that a customer's account meets the definition of persistent debt over an 18-month period, it is required to send certain letters advising the customer of the steps he/she can take in order for the account to no longer be in persistent debt. The relevant guidance also sets out the steps that a lender must take if the account continues to meet the definition of persistent debt for a further period of 18 months. The steps include suspension or cancellation of the account.

Barclaycard has provided evidence to show that it sent letters to Mrs W advising her that her account was in persistent debt. I've reviewed this evidence to decide whether Barclaycard complied with the relevant FCA guidance and whether it treated Mrs W fairly when she was experiencing financial difficulties.

This service has already explained to Mrs W that we can't consider her complaint which was raised in 2021 because she didn't bring her complaint to this service within 6 months of receiving the final response to that complaint. However, this service determined that it was able to consider Mrs W's complaint from 2022 (which is similar to the previous complaint).

I can see that in December 2021 Barclaycard offered to set up a payment plan for Mrs W. the plan would've meant that Mrs W paid a fixed amount each month at a lower rate of interest. I can see that Barclaycard discussed this option with Mrs W but she declined it.

I appreciate that Mrs W had concerns about the payment plan and ultimately decided not to go ahead with it. However, I think Barclaycard acted in line with the relevant guidance on persistent debt by offering the payment plan, because the aim of the plan was to reduce Mrs W's balance and reduce the amount of interest she was paying. I'm satisfied that Barclaycard treated Mrs W fairly by offering the payment plan.

I've thought about whether Barclaycard could've done anything more to help Mrs W. I can see that it offered a different type of plan where Mrs W's payments would've increased, and no interest would've been charged. Barclaycard required Mrs W to complete an income and expenditure form before this plan could be considered, and I can see from the information provided that Mrs W didn't want to proceed because of the impact that this type of plan would have on her credit file.

Based on what I've seen, I'm satisfied that Barclaycard took appropriate steps to advise Mrs W that her account was in persistent debt and offered appropriate options. It was ultimately up to Mrs W whether she proceeded with the options offered to her. I'm unable to say that Barclaycard made an error in the action it took.

I've reviewed the account and I can see that Mrs W remained in persistent debt and arrears continued to accrue due to missed payments. In these circumstances, I don't think it was unreasonable for Barclaycard to default the account. Defaulting the account prevented the balance from increasing further, which was in Mrs W's interests.

Covid support

Mrs W has said that Barclaycard failed to offer her any support during the pandemic. The FCA issued guidance to lenders during the pandemic which set out a requirement to help customers who were experiencing financial difficulties as a result of the pandemic. Lenders were required to give up to three months payment deferral, followed by a further three months. After the six-month point, lenders were required to provide individual support for customers who were continuing to experience financial difficulties as a result of the pandemic.

Mrs W would have been entitled to support if her financial difficulties were due to the pandemic. However, looking at the account history and taking into account what Mrs W has said, it appears that Mrs W was in financial difficulties prior to the pandemic, and not as a result of the pandemic. There were several missed payments on her account in early 2019, well before the pandemic began. In the circumstances, I'm not persuaded that Mrs W's financial difficulties were caused by the pandemic, or that Barclaycard made an error or treated Mrs W unfairly when it didn't offer her a covid payment deferral.

Customer service

Mrs W has complained that Barclaycard didn't call her back when it said it would. This service asked Mrs W to provide further information about this including relevant dates, but she hasn't provided anything. Mrs W has mentioned that her calls were cut off. I understand that this must've been frustrating for Mrs W, but I haven't seen anything to suggest that Barclaycard deliberately cut off the call. Further, I don't think the fact that the calls were cut off has made any difference to the outcome, because there were other calls which weren't cut off in which Mrs W was able to discuss payment options with Barclaycard.

Taking all of the available information into consideration, I don't think Barclaycard has made an error or treated Mrs W unfairly. I won't be asking it to do anything further.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 12 August 2024.

Emma Davy
Ombudsman