

The complaint

Mr M complains that Barclays Bank UK PLC provided him with unclear information about a payment plan for his credit card account. He doesn't agree with the balance on the account.

What happened

Mr M holds a credit card account with Barclays. In 2016 he set up a payment plan for £200 per month. Mr M says he thought the plan would be in place until the balance (which he says was around £13,000 at that time) was paid off. Mr M says he didn't hear from Barclays again until 2023 when he contacted them to ask what the balance was and was advised that it was around £15,000.

Mr M queried the balance. He said he thought he'd been on a payment plan for £200 per month with no interest being applied. Mr M was advised by Barclays that his payment plan had only been for a year and that he'd been sent a letter in 2017 advising him that his account was reverting to contractual monthly payments. Mr M said he hadn't received the letter. He complained to Barclays.

Barclays issued a final response on 21 June 2024. It said that Mr P's account was on a repayment plan for £200 with interest and fees suspended for 12 months and the card withdrawn. It said it had written to him in 2016 confirming this. Barclays said it had written to Mr P again in 2017 to advise him that the plan had ended and that his account was being returned to contractual payments with interest applied. Barclays confirmed that Mr P's direct debit had changed from £200 to the minimum payment required each month, and that he would've been aware of this from the monthly statements which were sent to him by post. Barclays said that interest and charges had been applied to the account correctly in line with the terms and conditions and it wouldn't be refunding any.

Mr M remained unhappy and brought his complaint to this service. He said he'd agreed with Barclays in 2016 that if he didn't use the card and he paid £200 per month then they wouldn't add interest to his account and all the payments he made would go towards reducing the balance.

Our investigator initially issued a jurisdiction opinion. He explained to Mr M that this service can only consider complaints referred to us within six years of the events being complained about or (if later) three years from when the complainant became aware (or ought to have been aware) that they had cause to complain. The investigator said he wasn't able to investigate any matters which took place before 14 June 2018, but he could look into things which had happened since that date.

Mr M accepted the jurisdiction opinion so the investigator went on to look at the merits of the complaint.

Our investigator didn't uphold the complaint. He said that from June 2018 until June 2023 Mr M had been making minimum monthly payments, and that he had thereafter agreed a persistent debt repayment plan for £198.21 per month, at which point Barclays credited the account with £5,769.89. The investigator said that there was no evidence that Barclays had

done anything wrong in setting up the persistent debt repayment plan and said that if Mr M maintained payments the balance would clear in full by May 2027.

Mr M didn't agree. He said he didn't understand why he was having to pay so much back when he hadn't spent very much on the card in the first place. Mr M said he was confused about the situation and didn't think it was fair that he's paid over £35,000 and still had over £7000 to repay.

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.

Because Mr M didn't refer his company to this service until 14 June 2024, I'm unable to look into events which occurred prior to 14 June 2018. The investigator has explained this to Mr M. This means that I can't look into what Mr M did or didn't agree with Barclays in 2016.

I appreciate, however, that Mr M has said he's confused about this situation so it may help if I explain what has happened.

Mr M agreed a payment plan in 2016 for £200 per month. As part of the payment plan, interest and charges were suspended. This plan was in place for 12 months. So 100% of any payments made by Mr M during this time went towards reducing the outstanding balance on the account. At the end of the 12 months, the payment plan ended, and the account reverted to accruing interest at the contractual rate. It's my understanding that Mr M has only paid the minimum monthly contractual payment since then. A significant part of Mr M's monthly payment will have gone towards interest and charges. The interest and charges will have increased the balance outstanding.

I appreciate that Mr M feels that this is unfair. As I've said, I'm unable to look into anything which happened prior to 14 June 2018.

What I can look into is what has happened since 14 June 2018. In this respect I can see that Barclays sent letters to Mr M on 29 June 2023 and 21 August 2023. This led to Mr M agreeing a persistent debt repayment plan with Barclays.

Persistent debt is where in the last 18 months the amount paid in interest, fees and charges is more than the amount of borrowed money paid back.

I can see that as part of the agreement of the persistent debt repayment plan, Barclays credited Mr M's account with £5,769.89. In other words, the outstanding balance was reduced by this amount.

This leaves Mr M in a position where, once he has completed the persistent debt repayment plan the balance will be nil. If Mr M maintains the agreed payments of £198.21 under the plan, the balance will clear on 2 May 2027.

Based on what I've seen, I don't think Barclays has made an errors or treated Mr M unfairly by setting up the persistent debt repayment plan. As I've said , I'm unable to look into whether Barclays made any errors or treated Mr M unfairly prior to 14 June 2018.

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 Mr M to accept or reject my decision before 25 October 2024.

Emma Davy
Ombudsman