

## The complaint

Mr H complains Barclays Bank UK PLC have unfairly added negative information to his credit file in relation to his personal loan.

## What happened

I issued a provisional decision setting out what'd happened, and what I thought about that. I've copied the relevant elements of this below, and they form part of this final decision.

*Mr H took out a personal loan for £30,000 in October 2019. It was due to be repaid over 48 months with monthly repayments of £696.77.*

*Barclays sent Mr H an arrears notice, and on 24 February 2023 he called Barclays to find out why. The agent he spoke to couldn't explain why he'd been sent an arrears notice, and Mr H says the agent promised to find out and call back, they didn't.*

*Mr H raised a complaint in April 2023 saying because of the delay it's caused an impact to his credit file and that he was told there weren't any arrears.*

*Barclays looked into things. They explained Mr H had made a lump sum payment of £17,000 towards the loan in March 2020 and continued making payments until September 2020 but then stopped. The lump sum payment Mr H made covered payments for a period of time – but they should have started again in January 2023. When they didn't Barclays then wrote to him because he was in arrears. But they accepted they didn't handle things well in the call, and then failed to call back, so paid him £100. Barclays also said they gave him some incorrect information about the arrears, but that they weren't responsible for any impact to his credit file.*

*The notes from Barclays show Mr H still had concerns in May and then August 2023 regarding the explanation. Mr H did refer the matter to us in May 2023, but the complaint at that time wasn't progressed, as he didn't answer one of our emails dated 22 May 2023.*

*On 17 February 2024, Barclays wrote to Mr H to tell him he had to pay £2,004.33 worth of arrears on or before 15 March 2024. They said if he didn't, then they might, amongst other things:*

- *Terminate the agreement and demand the full amount outstanding*
- *Record a default after 28 days from 14 February 2024*

*Mr H raised another complaint – Barclays this time didn't uphold matters. They said after Mr H's complaint in April 2023 they asked him to complete an income and expenditure form – but he didn't return this to them. They said they could see he made payments in May, June and August 2023, but these payments weren't in line with the terms of the loan and led to missed payments on their records – and his credit file. They said they'd reported this correctly. And overall didn't think they'd done anything wrong when sending the default notice.*

*Unhappy with this explanation, Mr H asked us to look into things in May 2024. And he said when he called up he was told no repayments needed to be made. But when he later found out about the missed payments, Barclays said sorry for this, but refused to put matters right. One of our Investigators did consider things, and overall found Barclays didn't need to do anything further.*

*Mr H didn't accept this, saying issues had been missed – such as Barclays not offering him a payment plan until nearly a year after the issues. Mr H summarised the issue by saying “Barclays misinformed me about my loan. Consequently, I had a year of bad credit, and it became impossible to keep up with the loan repayments. They would not offer me alternative payment arrangements until close to the deadline.”*

*With no resolution, the complaint has been passed to me to decide.*

### ***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.*

*I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Mr H's complaint in considerably less detail than he has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.*

*I'm going to cover off two points before I comment on the specifics of Mr H's case.*

*The first is that I'm satisfied Mr H did refer the complaint made to Barclays in April 2023 to our service in time. The rules we operate under only require a 'referral' to be made – which is made up of a consumer telling us who their complaint is against, what it's about and that they want us to look into things. The contact from Mr H to our service made in May 2023 met that definition. So, although the case wasn't progressed at the time it's still been referred to our service in line with the rules.*

*The second most important issue to explain is that, generally, lenders such as Barclays will expect repayments to be made in line with the terms and conditions of the account. In Mr H's case his loan was for 48 months with repayments of £696.77 to be made every month. And, generally, the payment needs to be made on a specified day of the month – otherwise it could be considered 'missed' on the basis the payment wasn't made when due. Mr H's monthly payment date was the 15<sup>th</sup> of every month.*

*But, as I'll go on to show, this isn't how Mr H ran his loan.*

*The loan funds were drawn down on 31 October 2019. And the repayment history shows as follows:*

- *November 2019 to March 2020 payments were successfully made on the right date*
- *15 April 2020 the direct debit payment was returned as unpaid*
- *24 April 2020 a lump sum payment of £17,000 was credited to the loan*
- *27 April 2020 the monthly payment was represented, and this time paid*
- *May 2020's monthly payment was made on time*

- *June 2020 to September 2020 monthly payments were made, albeit with June and August's payments being late*
- *October 2020's direct debit payment failed and wasn't re-attempted*
- *May 2023 is when the next payment, this time for £3,206.33, was made*
- *June 2023's payment was made*
- *July 2023's payment was missed*
- *August and September 2023 monthly payments were made – but later than the 15<sup>th</sup> of the month*
- *From October 2023 to April 2024 no further payments were made*

*Barclays have told us the account has since been defaulted, and the account sold to a debt purchaser.*

*Given the somewhat unusual nature of what's happened with Mr H's loan (in that usually monthly payments would continue to be made, and it'd just be paid off earlier), I've split out my consideration into different time periods.*

*November 2019 to October 2020*

*From the first payment until March 2020, Mr H was repaying his £30,000 loan as I'd usually expect – by the monthly payment Barclays had asked for of £696.77.*

*I think things first start to go awry in April 2020, when Mr H makes a lump sum payment back to the loan of £17,000 – just over half the amount he's borrowed.*

*The terms of Mr H's loan allow him to do so. This means I don't think he did anything wrong in making this repayment.*

*But, what I needed to understand was whether Barclays had told Mr H what this meant for his loan. So, I arranged for us to ask Barclays this question. I wanted to know this because usually someone would be required to continue to make their monthly payments – and it's just that the term of the loan would be shortened.*

*Barclays said it's not their policy to allow someone to make overpayments – and they didn't write to Mr H or say anything to him following the overpayment. It's unclear why they've said it's not their policy to allow overpayments, when the terms and conditions of Mr H's loan says he can make overpayments whenever he'd like, but I was disappointed to see they hadn't told Mr H when his repayments would then need to restart.*

*Further payments were made from May to September 2020 inclusive – and then the direct debit was cancelled, so the October 2020 payment wasn't collected.*

*Barclays have said they don't remind someone to reinstate their direct debit if it's cancelled but do continue to send annual statements.*

*In response to the complaint, Barclays have let us know due to Mr H's payment history up to this point, he wasn't due to make another payment towards the loan until January 2023. So, effectively, he'd paid ahead.*

*October 2020 to January 2023*

*I can see Barclays did send Mr H a number of letters during this time:*

- *October 2020 – letter telling Mr H his direct debit had been cancelled*

- October 2020 – statement showing Mr H still owes £6,298.56 as at October 2020
- October 2021 – statement showing Mr H still owes £6,646.71 as at October 2021
- October 2022 – statement showing Mr H still owes £6,907.26 as at October 2022

None of these letters make it clear when Mr H would need to start making payments again – which I do think would have been helpful.

It's not until a letter dated 28 January 2023 where Barclays write to Mr H to tell him he's £419.25 in arrears – and this is the first notification I can find of telling him he needs to make a payment.

I don't think this is particularly good by Barclays. I think it'd have been significantly better if they'd made it clear when his payments needed to start up again. But I also can't ignore that Mr H knew, or should have known due to the annual statements, he still had an outstanding balance and would have to pay it back at some point. So, in that sense, I think it's reasonable for him to have expected Barclays to get in touch about restarting his payments.

February 2023 to January 2024

Another letter was sent to Mr H on 17 February 2023 telling him he was in arrears for £1,116.02

On 24 February 2023 Mr H calls Barclays saying he's received a letter and during the call refers to the above amount of arrears.

Barclays' agent can't determine when the payments were missed which have led to the arrears – but Mr H says he can't afford to make the full payment anyway. He says he'll look to make the payment by 15 March 2023. Barclays' agent does let him know not making payments could have an impact on his credit file.

No payment is then made by Mr H on 15 March 2023 as he said he would – and Barclays write to him on 15, 16 and 24 March 2023 to ask him to contact them.

Mr H next calls Barclays on 21 April 2023, saying he understood the agent from the call in February was going to look into the missed payments and call him back. But, as that didn't happen, he now has poor credit. Barclays have also seemingly accepted this.

But, in listening to the February call, I didn't hear Barclays agent say they were going to call Mr H back – what they said was Barclays would 'contact' Mr H about the payment – which they did when he didn't make it by writing to him in March.

It's in this 21 April 2023 call where they explained to Mr H that his overpayment had basically meant nothing was due on his loan until January 2023. In the call Mr H repeats he's unhappy about no call back and says he's unhappy he's now got bad credit which isn't fair. The agent said Barclays hadn't done anything wrong, and ultimately agreed with Mr H they'd send out an income and expenditure form to put a repayment plan in place for the arrears – as Mr H didn't want to go through this on the phone. Mr H never returned the form, so no payment plan was put in place.

In April and May 2023 further letters are sent to Mr H about the payments due – and these letters explain the consequences of not making the payment he owes – which includes an impact to his credit file.

Mr H continues calling Barclays during April and May 2023, but is told they've looked into his complaint, given him the correct information, and can't do anything more to help him.

*In May 2023 Mr H makes a payment of £3,206.33 which clears all outstanding arrears at this point – presumably this is why Mr H didn't return the income and expenditure form, as he found a way to clear the arrears. His regular monthly payment of £696.77 is then made in June.*

*The July 2023 payment isn't made – and between then and January 2024 Mr H only makes two monthly payments (August and September 2023) so falls back into arrears.*

*I understand from Mr H's perspective he believed he was going to get a call back in February 2023 – but I'm afraid I didn't hear that on the call. I heard him say he'd clear the arrears on 15 March – but then he didn't.*

*In his conversations with Barclays, Mr H says he couldn't clear the arrears in February, and presumably couldn't have made a payment earlier than May 2023 otherwise he'd have done so. Given that, I can't say any late payments Barclays have recorded for the times Mr H didn't make his payments are unfair. Although Barclays didn't let Mr H know in advance, when he did find out he needed to make payment in February 2023, he still didn't do so for three months.*

*Mr H has also commented that Barclays didn't send an income and expenditure form – but they said in the call on 21 April 2023 they would – and that Mr H never returned it. As Mr H cleared the arrears balance in May 2023, I can see why he might not have returned it if he had received it as Barclays suggest – but at this point he'll have known that was an option. So, if he wanted to, he could have asked for another income and expenditure form later in the year when he fell into arrears again.*

*Given that, I won't be upholding any of Mr H's concerns about this time period.*

*January 2024 to May 2024 when Mr H referred matters to us*

*On 3 and 16 January 2024 Mr H is sent arrears notices, this time for £1,995.12. Mr H starts calling Barclays again in February and March 2024, saying he was told he didn't have to make any payments towards his loan for three months – but then they reported incorrect information on his credit file.*

*I've not seen or been provided with any evidence Mr H was incorrectly told he didn't have to make payments for three months.*

*During these months Barclays explained if Mr H wanted to avoid a default, then he'd need to make a payment arrangement – but he never did. I think Mr H was given plenty of opportunities to arrange to do this if he wanted to – and it's not been put in place. In the circumstances I can't say Barclays are responsible for this, so I won't be upholding this element of his complaint either.*

*Summary*

*Although I think it would have been helpful of Barclays to have told Mr H in advance his repayments towards his loan were due to start again in January 2023, I don't think this means the complaint should be upheld.*

*I say that because Mr H was clear in that he couldn't afford to make the payments as they were due at that time. So, even if Barclays had told Mr H in advance about his repayments restarting, he wouldn't have been able to make them – which is the same position he was in when he understood what'd happened in February 2023.*

*Mr H was offered a payment plan in April 2023, but then cleared the arrears the following month in May 2023 – so I can see why he didn't return the form. But, he'll have had the paperwork, and could have returned it at a later date when he fell into arrears. So, I think Barclays have tried to support Mr H with his concerns.*

*And, during the life of the loan Mr H has unfortunately regularly missed payments and fallen into arrears. Barclays are required to report true and accurate information to the credit reference agencies. So, unless Mr H can provide a copy of his credit file and show me months where Barclays have recorded information on his credit file incorrectly, I won't be requiring them to change anything they've reported.*

*To be clear, I'm very happy to take a look at Mr H's credit file, and if I do find there is information they've incorrectly reported, I will require them to remove it. But, based on Mr H's repayment history, there will likely be a lot of information reported which is accurate.*

### **Responses to my provisional decision**

Barclays replied and explained it is their policy to allow overpayments and apologised for the incorrect information.

Mr H said Barclays admitted they made a mistake but didn't remove the bad credit or help him catch up on the repayments he was falling behind on. Mr H says Barclays have failed to provide him with any kind of customer service, and only care about £2,000. Mr H also said Barclays had recorded bad credit for months when he did pay – but he didn't provide his credit file.

### **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 thank Barclays for the clarification they do allow overpayments.

In respect of Mr H's comments I find there is unfortunately little I can add to what I've previously explained in my provisional decision. I think Barclays could have handled things better, but I think even if they'd done so, Mr H would have still ended up in a situation where he couldn't make the contractual payments as they were due – so he'd always have had negative information reporting on his credit file.

I asked in my provisional decision for Mr H to provide a copy of his credit file and point out what months were recorded by Barclays incorrectly. I asked this because, in Mr H's view, he doesn't think any negative information should be recorded – but for the reasons I've explained above I don't agree with that.

Mr H hasn't provided his credit file or pointed to months where he says Barclays got it wrong. Because of that, I've not seen anything to suggest Barclays have made any errors in the reporting to Mr H's credit file, so I won't be requiring Barclays to take any action.

### **My final decision**

For the reasons I've explained above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 14 January 2025.

Jon Pearce  
**Ombudsman**