

The complaint

Mrs C complains that Barclays Bank UK Plc (T/A Barclaycard) sold her outstanding credit card balance to a third party. She's also unhappy adverse credit information has been recorded on her credit file.

What happened

In January 2010 Mrs C applied for a Barclaycard online. Her account was opened and she transferred a balance from another credit card to her Barclaycard, the balance of which she paid in full in September 2011.

After this time Mrs C began to experience financial difficulties in making payments to her account. In October 2012, Barclaycard said it agreed a 12 month formal repayment plan with Mrs C whereby she paid £60 per month, which was less than 1% of the balance she owed. It also suspended charges and interest.

After Mrs C's repayment plan expired in October 2013, Barclaycard said it wasn't able to agree another formal repayment plan because Mrs C was no longer working. But it continued to informally accept monthly payments of £60 and interest and charges remained suspended.

In July 2014 Barclaycard issued a default notice because the payments Mrs C was making no longer met her contractual monthly payments. Her account was passed to Barclaycard's recoveries department. It sent her a formal demand for payment in July 2015. And, in August 2015, Mrs C's account was sold to a third party, who I'll refer to as "P" in this decision.

Mrs C wasn't happy with what had happened and complained to Barclaycard. But it didn't uphold her complaint as it said its decision to sell her account to P was in line with the account terms and conditions. It also said it had notified her about the sale. So, it didn't agree that an error had been made.

Being unhappy with Barclaycard's response to her complaint Mrs C referred it to our service. Our investigator looked into this and, while they empathised with Mrs C, didn't think that Barclaycard had done anything wrong. But Mrs C disagreed and asked for her complaint to be referred to an ombudsman.

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.

Whilst I sympathise with Mrs C's situation, having considered everything that she and Barclaycard have said, I've reached the same conclusion as the investigator for broadly the same reasons. I understand that Mrs C will be disappointed by this outcome. But I hope she can understand the reasons behind my decision.

I'd like to make it clear at the outset that, while P has also been involved in handling Mrs C's outstanding balance, this complaint relates only to what Barclaycard did. So, I'll limit my findings to whether it acted fairly and reasonably here.

The first part of Mrs C's complaint is about Barclaycard's decision to sell her debt to a third party. She feels this was unfair because she was maintaining her agreed payments. So, I'll focus on this issue first.

I can see that Mrs C had agreed a formal payment plan with Barclaycard in October 2012 whereby she paid £60 per month. But this plan was for 12 months and, when Barclaycard reviewed it in October 2013, Mrs C was unemployed. So it wasn't able to set up another formal payment plan. This isn't unusual and I can't fairly find that it acted unfairly in not setting up a new formal payment plan given Mrs C's change in circumstances.

Despite there being no formal payment plan Barclaycard continued to accept payment of £60 per month. And it continued to waive fees and interest. I think this demonstrates that Barclaycard took reasonable steps to try to help Mrs C in reducing her debt. But, as our investigator explained, where a formal payment plan isn't in place the minimum payment falls due. And, based on the evidence I've seen, the payment Mrs C was making each month wasn't sufficient to cover her contractual monthly account payment.

As a result of this, Barclaycard issued a default notice in July 2014. I don't think this was unreasonable because, when an account goes into arrears for a number of months as Mr C's did here, a business is entitled to issue a default notice. Guidance from The Information Commissioner's Office (ICO) says it would expect a default to be registered by the time a consumer is six months behind with their payments. I'm satisfied Barclaycard acted in line with this guidance.

In July 2015 Barclaycard sent Mrs C a formal demand for payment. This letter warned her that if her balance remained outstanding the debt may be sold to a third party. One month later, Barclaycard sold Mrs C's account balance to P. Based on the evidence I've seen I'm satisfied that Barclaycard kept Mrs C informed of what was happening with her account and its intention to sell her debt before it was sold to P.

I recognise that Mrs C is unhappy that her outstanding balance was passed to a third party. But this is a commercial decision it's entitled to take if it wishes and it's common practice for businesses to take this action so that agents can take over, as they are generally more able to be more flexible with the payments and amounts they're able to accept.

The terms and conditions of her account set out in clear intelligible language the options Barclaycard has when a customer isn't maintaining their account. Under the section titled *"missed payments"* Barclaycard says *"we may also sell your debt on to another organisation"*.

So, those terms and conditions make it clear that debts can be sold on. And Mrs C was warned that could happen in correspondence Barclaycard sent. It follows that I'm satisfied that Mrs C's debt was sold by Barclaycard in accordance with the terms and conditions. And I can't fairly find that Barclaycard made an error here.

I'll turn now to the second part of Mrs C's complaint, which is about the information recorded on her credit file.

Mrs C said she sent Barclaycard a screenshot of her credit report. She said this showed that when her debt was sold to P it removed reference to her credit limit, which immediately impacted her credit score as it suggested she was borrowing more than 100% of her

available credit. She said prior to her debt being sold to P her credit report showed she was borrowing less than her credit limit. So she felt the way in which her debt was being recorded after the debt sale was unfair.

When our investigation queried this with Barclaycard it said once it has sold an account it will record a customer's account as being settled and will show a credit limit of zero because it's no longer lending to a customer even though there's an outstanding balance. It also explained that any reporting to credit agencies would, at that stage, be taken over by the third party.

So, here once Barclaycard sold Mrs C's account to P it took over reporting to credit reference agencies. This means that Mrs C will need to raise her concerns regarding the fairness of any entries on her credit file with P directly.

I realise Mrs C will be disappointed with this decision. But it brings to an end what we, in trying to resolve this complaint with Barclaycard informally, can do for her. I'm sorry we can't help Mrs C any further with this.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 15 May 2020.

Julie Robertson
Ombudsman