

## **The complaint**

Miss W complains about the information Barclays Bank UK Plc (Barclaycard) has recorded on her credit file in relation to her credit card account.

## **What happened**

Miss W has a Barclaycard account. In 2013, she contacted Barclaycard to say she was having trouble meeting her minimum repayments. Barclaycard agreed that Miss W could make reduced payments of £10 per month. This arrangement ended in 2017, when Miss W went back to making the contractual payments for her account.

Miss W complained to Barclaycard in 2019 because she was unhappy that this payment arrangement was showing on her credit file. She said it was affecting her ability to get other credit. She was particularly unhappy because she said Barclaycard hadn't explained to her that having an arrangement to pay would damage her credit file for longer than a default would have. Miss W wanted Barclaycard to remove the arrangement to pay markers or apply a backdated default.

In response to Miss W's complaint, Barclaycard said it didn't think it had acted incorrectly. It had allowed Miss W to make reduced payments, not charging her the usual interest or charges during this period and she'd eventually got back up to date with her account and the arrangement had ended. It said it'd correctly recorded this information on Miss W's credit file.

Miss W wasn't happy with this response so referred her complaint to our service.

Our investigator thought Barclaycard had treated Miss W fairly. He said this because he could see that the information Barclaycard had reported on Miss W's credit file accurately reflected the conduct of her account. And although there were no call recordings available of when Miss W spoke to the bank about her arrangement, he thought it was most likely Barclaycard had correctly explained the arrangement to her. And based on the letters it sent Miss W, it had also explained that the arrangement would be reported on her credit file in writing.

Miss W didn't accept the investigator's view. She maintained that Barclaycard hadn't followed the Information Commissioner's Office (ICO) guidance in relation to defaults because it had allowed her repayment arrangement to go on for a number of years.

As Miss W didn't accept the investigator's view, the complaint's been passed to me.

## **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.

When a customer is in financial difficulties, we'd expect the financial business to treat their customer positively and sympathetically. What this means in practice depends on each customers' circumstances. And – when recording information on a customer's credit file –

financial businesses have an obligation to make sure what they record is an accurate reflection of the conduct of the account.

There's no dispute that Miss W couldn't afford her contractual repayments in 2013, asked Barclaycard for help and Barclaycard agreed a reduced payment arrangement. I can see from the letters Barclaycard sent to Miss W, that this arrangement was first agreed in 2013 and it was reviewed every 12 months – until it ended in 2017. The letters also set out that the arrangement would be reported to the credit reference agencies. In 2017, Miss W resumed making contractual repayments. And having reviewed Miss W's credit file, I find what Barclaycard has recorded reflects this arrangement.

During the period of the arrangement, Barclaycard didn't charge Miss W the usual level of interest or fees on the amount she owed. And her monthly payment was reduced to about 20% of its usual amount. The credit limit was reduced to zero during the arrangement, but Barclaycard reinstated Miss W's credit limit when the arrangement ended in 2017, so she's been able to use the card again. Barclaycard allowed Miss W to do this, as she's pointed out, for about four years.

Miss W thinks Barclaycard has not complied with the relevant industry guidance because it allowed her payment arrangement to continue for a number of years, so she doesn't think this was a temporary arrangement. I see why she says this – the ICO guidance does generally say a default *can* be registered when between three and six months of contractual payments have been missed. But it doesn't say that one *must* be registered in those circumstances.

The point of a repayment arrangement is to give the customer some breathing space if they're struggling and help them get back to making their normal payments under the contract, where possible. In Miss W's case, I'd agree that four years is perhaps longer than you might expect a temporary arrangement to last, but it was in fact temporary because it did allow her, in the end, to go back to running the account as normal.

A default is normally used to indicate where the agreement between the business and its customer has broken down and the customer is unlikely to ever be able to resume contractual payments. I don't think that's what happened in Miss W's case. At the time, both parties were happy with the arrangement and it was reviewed regularly and renewed until Miss W was able to make the contractual payments again. So, I don't agree that Barclaycard should've registered a default in these circumstances.

Miss W also doesn't think Barclaycard did enough to explain to her the effect of the payment arrangement on her credit file. As I understand it, the effect of what Miss W is saying here is that she now thinks Barclaycard should've advised her not to pay anything towards the money she owed them. Then Barclaycard would've defaulted her account. And she thinks it should've done this because the default would have been removed from her credit file sooner than the payment arrangement because of the amount of time the payment arrangement ended up lasting.

But, like the investigator, I wouldn't have expected Barclaycard to have advised Miss W in these terms. Barclaycard's obligation was to treat Miss W positively and sympathetically in relation to her financial difficulties and to explain that there would be information recorded on her credit file in relation to the arrangement. And, for the reasons I've already said I think it did.

I can see why, with the benefit of hindsight, Miss W would think that by agreeing an arrangement to pay with Barclaycard she's in a worse position now than she would be if she'd made no attempt to repay the money she owed. But, having considered all the

available evidence, I think at the time Miss W was content with the arrangement she'd reached with Barclays. Not least because she was happy to extend this agreement three times. And, as I've said, I think it's likely Barclaycard correctly explained that the arrangement would be recorded on Miss W's credit file. So, I don't think Barclaycard have treated Miss W unfairly or recorded anything inaccurate on her credit file.

Miss W's mentioned that other businesses defaulted accounts she had in 2013. That may be the case, but just because other businesses did doesn't mean Barclaycard should also have done the same. And, having considered all the circumstances of the case, I've explained why I don't think Barclaycard treated Miss W unfairly.

### **My final decision**

For the reasons I've explained, I don't uphold Miss W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 22 October 2020.

Eleanor Rippengale  
**Ombudsman**