

The complaint

Mr F is unhappy with how Barclays Bank UK Plc (trading as “Barclaycard”) has treated him after a change in his circumstances has left him unable to repay the money he owes.

What happened

The circumstances of this complaint are well known to both sides so I won’t go into too much detail here. Mr F has two accounts with Barclaycard with a joint balance of around £15,000.

In January 2019 he suffered an accident which led to him being unable to work and his corresponding reduction in income eventually meant he could no longer meet his contractual monthly repayments. At some point after mid-2020 Mr F asked Barclaycard for assistance. It considered Mr F’s income and expenditure and medical evidence and agreed to:

- Permanently suspend all interest and charges
- Confirmed no payment was due and it wouldn’t pursue Mr F for the debt while his circumstances remained the same
- Reported the account in default and back dated this to December 2019 when Mr F stopped making regular payments to the account
- Periodically review the account and Mr F’s circumstances

Mr F didn’t feel this was enough as all his other creditors had agreed to write off what he owed. His representative explained the accident had had a severe impact on his mental health and Barclaycard’s actions didn’t offer any assurance it wouldn’t pursue him for the debt in future. He was also concerned Barclaycard refused to guarantee the accounts would never be passed to debt collectors and made a complaint to Barclaycard asking it to reconsider its position.

Barclaycard responded and explained its position hadn’t changed as Mr F didn’t meet its criteria for a full write off of the debt. It confirmed if more medical information came to light it would be happy to review this. Mr F brought the complaint to our service to consider and our investigator didn’t uphold the complaint. They felt that overall, Barclaycard had acted in line with what we would expect.

Mr F didn’t feel this was fair. Whilst he accepted Barclaycard wasn’t prepared to write off the debt completely he felt it should guarantee the debt wouldn’t be passed to a third party to be pursued. He also felt that despite the fact he was particularly vulnerable in light of the impact his accident had had on his mental health, Barclaycard hadn’t treated him any differently to any other customer who was unable to repay a debt and it should do more.

As Mr F didn’t accept the investigator’s findings, the complaint has been passed to me to make a decision.

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 borrower is in financial difficulties, the relevant rules require a lender to pay due regard to their circumstances and treat them fairly. This includes considering whether options like suspending interest, reducing repayments or suspending collection activity are appropriate. And it's also considered good industry practice to think about whether writing off the debt in full is fair and reasonable in the circumstances if there's no reasonable prospect of it ever being repaid. But there's no set actions a lender needs to take as how it approaches a customer in financial difficulty should be tailored to the individual's circumstances.

In this case, Mr F has raised specific concerns about Barclaycard's decision not to write off the debt and whether it's done enough given he's a vulnerable customer. So I've addressed these specific points when considering whether Barclaycard's treatment of Mr F on the whole was fair and reasonable.

Should Barclaycard have written off the debt?

Upon learning about the change in Mr F's circumstances, Barclaycard requested further information in order to consider things, including information about Mr F's financial and medical circumstances. This is what I'd have expected it to do before making any decisions about the debt.

Barclaycard has explained it reviewed this in line with its internal policies around writing off debt. And although it didn't doubt the severity of the situation, it didn't feel it had been given anything that showed Mr F wouldn't be able to return to any kind of occupation or that his current financial position couldn't change in the future. So it didn't feel at that stage it had enough to say there was no reasonable prospect of him ever repaying the debt such that debt write off was appropriate.

This isn't to say that Barclaycard believes Mr F's financial position will change or that what he's told Barclaycard isn't accurate. It just means it would like to keep the option to review the situation in future. It currently plans to do so every 12 months in addition to reviewing any new information Mr F provides which I think is a reasonable timeframe. Unless his situation changes, Barclaycard says he won't be pursued for the debt by it or any other party and as charges and interest have been permanently suspended the debt won't increase. Overall, I think the decision not to write off the debt at this stage is reasonable.

Should Barclaycard guarantee the accounts won't be pursued in future?

I understand Mr F's concern is that currently he's not been given any assurances about the future. In particular, Barclaycard has refused to guarantee the debt will never be passed to a third party company that will pursue the debt. Barclaycard has explained to our service it won't offer this guarantee because the account will be under review periodically and if Mr F's circumstances change in the future it might once again expect payment for the debt and contact Mr F about this or sell it to a third party.

But, it's also said that while Mr F is considered a vulnerable consumer, as he is now due to the impact the situation is having on his mental health, the accounts will remain with a specialist team. While the accounts remain with this team it seems that he won't be pursued,

and the debt won't be passed to a third party. So again, whilst it can't guarantee this won't change in future, while Mr F's circumstances are what they are now this situation seemingly won't change. Whilst I understand Mr F would like more reassurance than this, I think in the circumstances this is reasonable.

Barclaycard is entitled to review the situation periodically and as I've mentioned I think 12 months is a reasonable time frame. It has also said that if Mr F has any further evidence it would like it to consider it would be happy to consider this at any stages. And although I have no doubt it does take an emotional toll to discuss his circumstances, Mr F does fairly still owe the debt and has an obligation to keep Barclaycard updated if there are any changes.

Mr F has said he doesn't think Barclaycard is treating him any differently to any other customer in financial difficulties and it isn't giving due consideration to the fact he is vulnerable. But I think Barclaycard has taken his individual circumstances, including the fact he is vulnerable, into account when dealing with his account. Overall, I think Barclaycard has treated Mr F reasonably in light of his financial difficulties.

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 Mr F to accept or reject my decision before 5 March 2021.

Faye Brownhill
Ombudsman