

The complaint

Mr B complains that Barclays Bank UK PLC trading as Barclaycard (Barclaycard) treated him badly when he was in financial difficulty.

What happened

Mr B had a Barclaycard since 2002. By 2016, his finances were stretched. In October 2016, the direct debit to Barclaycard was cancelled and the next payment was missed. A debt advisory charity helped Mr B. A debt management plan was agreed. Interest and charges were stopped and payments of £1 per month agreed. A default was registered in December 2016. The debt was sold to a debt collection agency in 2017.

Mr B complained. He said that Barclays didn't treat him well, given his circumstances. He was in and out of work and had irregular income. In 2014, he was struggling with payments to Barclaycard and that's when the default occurred. He'd asked Barclaycard for help then. The default shouldn't have been registered in 2016. The debt shouldn't have been sold to a debt collection agency. He couldn't now get a mortgage because of the default on his credit file.

Barclaycard replied in June 2020. They said that in 2014, regular direct debit payments of £50 per month were being made – above the minimum amount needed. In 2015, the direct debit was changed to pay the minimum amount requested each month. Payments were maintained – so there were no signs of financial difficulty then. Mr B's account defaulted in December 2016 - when Mr B got help from a debt advice charity. Barclaycard had an obligation to register the default with the credit reference agencies.

Mr B brought his complaint to this service in July 2020. Our investigator looked at what had happened. In January 2021, she said that it appeared that Mr B had no problems in 2015 and into the first part of 2016. Barclaycard hadn't found any records of Mr B contacting them before October 2016. A default had to be registered where repayments are for an amount far less than required – as this was – and Barclaycard had a duty to report it to the credit reference agencies.

Mr B asked that his complaint be reviewed by 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.

I've read this file in detail and let me say how sorry I am to learn of Mr B's difficulties. He has been in and out of work for a long time and this has affected him financially, and his health has also suffered. My role is to make a decision which is fair to both parties, having reviewed everything that happened.

Mr B wants, in time, to get a mortgage and move on with his life, but he can't because of the default registered in December 2016 by Barclaycard. He says he should have been

defaulted earlier – in 2014 – and so that would now be running off under the six-year rule. He says he was in financial difficulty at that time, and contacted Barclaycard then to tell them that.

I've looked at Mr B's Barclaycard statements. These show that between 2014 and into 2016, he made the minimum payments to his account without fail – and sometimes more than that. In 2015, the payments changed to make the minimum payments only – but they were made. The borrowing was usually well below Mr B's credit limit. Later in 2016, things changed. The debt increased. In October 2016, the monthly direct debit payment was not paid and cancelled. Mr B got support from a debt advice charity. As a result, a small payment of £1 per month was agreed. I see that Barclaycard, from that time, stopped charging interest and charges – and refunds of £99 were made in December 2016.

Mr B says he contacted Barclaycard in 2014 to say he was struggling. Unfortunately, they have no record of this. And looking at Mr B's account at that time, it doesn't appear that he was in difficulty. So, I cannot agree that Barclaycard should've registered a default in 2014.

Turning to 2016, clearly things got worse for Mr B. It was good that he sought help from a debt advice charity which helped him agree very low payments to his account. I can see that Mr B was surprised that this led to a default against him. But unfortunately, this is normal where a payment of an amount is agreed which is very much lower than the minimum payment needed – which was the case here. I can see from the letters Mr B was sent by Barclaycard in December 2016 and February 2017- that he was told that a default would be registered, and the credit reference agencies advised – and that the debt might be passed to a debt collection agency. Mr B contacted Barclaycard in January 2017 about this – and they explained this. I've checked Barclaycard's terms and conditions – and what they did was in line with them.

So, I have to say that Barclaycard were correct to register the default against Mr B in 2016. They were obliged to do this, like all lenders are. We can only ask Barclaycard to remove a default if they've made mistake – and I don't think they have here.

I know that Mr B complained to Barclays Bank about a default that was registered on his bank account debt with them – and that was removed. That's not part of this complaint – but let me say that was a very different case to this one – as Mr B had agreed with Barclays Bank to make payments of a much higher amount than on his Barclaycard – so in that case, Barclays Bank agreed they shouldn't have registered the default in the first place.

So, I know that my decision will be a disappointment to Mr B. But he's told us that he is dealing with the debt collection agency positively and that's going ok – we do hope that continues, and that Mr B can get his life back on track.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 March 2021.

Martin Lord
Ombudsman