

The complaint

Mr T complains that Barclays Bank Plc sold his Barclaycard debt to a company, P, which he believes is profiting from the transaction.

What happened

Mr T had a Barclaycard but was struggling to make payments in line with the agreed terms. In August 2016, when Mr T owed around £10,500 on the card account, Barclays issued a default notice. After that, Mr T was able to make regular monthly payments – albeit of less than the minimum due under the card agreement – through a debt charity.

In July 2019 Barclays sold the debt to a third party, which I'll call P. Mr T complained about that. He says he does not believe in the circumstances that it was right to sell the debt to a company seeking to make a profit from it.

Mr T referred the matter to this service, where one of our investigators considered what had happened. The investigator appreciated that the sale of the debt might have been upsetting for Mr T, but did not thin that Barclays had done anything wrong in doing so.

Mr T did not accept the investigator's view and asked that an ombudsman review the case.

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.

Barclays has provided us with a copy of the Barclaycard Terms and Conditions. They allow Barclays to transfer its rights and duties under the credit card agreement at any time and without having to tell the customer. Those terms appear to date from January 2020 (before the transfer in this case), but this is a very common term and I think it very likely an identical or very similar term applied in July 2019.

I understand that Mr T feels strongly that Barclays should not have sold the debt and in particular that it should not have been sold so that P could make a profit from it. He says that it was probably sold, along with other debts, for a fraction of the amount owed, meaning that P would benefit if it recovered more than it had paid. It is quite likely that this is what happened; P will have calculated what it should pay based on what it thinks it can recover. It will make a loss on some loans and a profit on others.

I appreciate that Mr T thinks this arrangement is unethical and that I should conclude therefore that Barclays should not have sold his debt to P. It is however not for me to say that Barclays should prevent P from making a profit – any more than I am in a position to stop Barclays from seeking to make a profit from its credit card business.

The rights and duties that P bought from Barclays are of course the same as the bank's rights and duties. Mr T's own rights and duties have not changed as a result of the sale and his position is not affected by any ability P may have to make a profit.

My final decision

For these reasons my final decision is that I do not require Barclays Bank Plc to do anything more to resolve Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 30 December 2021.

Mike Ingram
Ombudsman