

The complaint

Mr P's complained that Barclays Bank UK PLC ("Barclays") cancelled his credit card due to him being in persistent debt – even though he was making payments towards the balance.

What happened

Mr P had a Barclays credit card for a number of years. He said he'd always made the payments required and hadn't exceeded his credit limit.

Towards the end of 2020, Mr P made a payment of £500 towards his outstanding balance. And he increased his direct debit so that he would reduce what he owed. He aimed to pay off the balance within the following twelve months.

In March 2021, Barclays wrote to Mr P, advising him that he was in persistent debt and inviting him to contact them to set up a payment plan. And Barclays said that, if Mr P didn't do this, they'd suspend his card. Mr P contacted Barclays to tell them he'd set up a plan in November 2020. And he made a complaint about Barclays correspondence with him.

Barclays responded to Mr P's complaint by explaining why they said he was in persistent debt. They confirmed that, unless Mr P could clear the full balance, his card would be suspended. And they said that paydown plans to reduce that debt could only be set up after a customer had discussed the plan with Barclays.

The following month, Mr P's card was suspended.

Mr P brought his complaint to our service. He told our investigator that he didn't think Barclays had acted fairly when they suspended his card even though he'd arranged to increase his payments to pay off what he owed.

Our investigator considered the complaint, but concluded that Barclays didn't need to do anything differently to resolve it. He explained that Barclays had dealt with Mr P in line with guidance produced by the Financial Conduct Authority (FCA) to help people in persistent debt reduce what they owe. And he was satisfied that Barclays had been in regular contact with Mr P to let him know what they intended. He didn't think they needed to do anything more.

Mr P didn't agree with our investigator's view. So I've been asked 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.

Having done that, I'm not upholding Mr P's complaint. I'll explain why.

Barclays assessed Mr P as being in persistent debt. Persistent debt is defined as when someone has paid more in interest, fees and charges in the previous 18 months than they've paid towards what they owe. Mr P hasn't suggested Barclays' assessment was wrong.

The FCA expects businesses to identify customers in persistent debt and has set out how they expect businesses to deal with those customers. I can see that Barclays dealt with Mr P in line with this. They wrote to Mr P after he'd been in that position for 18 months explaining how they'd assessed him and that, if he could, he should make higher payments to reduce what he owed. And Barclays said they'd monitor the position over the following 18 months to see if Mr P had done this. But, if he hadn't, they'd suspend his card so he couldn't increase his debt by spending.

Barclays records show they wrote regularly to Mr P reminding him of the position and that they were monitoring it. And I've seen Mr P's statements, which shows he continued to make minimum payments after he'd received Barclays' letters.

I've seen that Barclays didn't write to Mr P again immediately after he'd been in persistent debt for 36 months. But that's because that coincided with the early stages of the Covid-19 pandemic. And I've seen that they resumed regular contact in the second half of 2020 and didn't just write to him out of the blue in March 2021.

So I'm satisfied that Barclays acted in accordance with FCA guidance. And that they kept Mr P informed about what they were doing.

I understand Mr P's frustrated. By March 2021, he'd made the decision to try and pay what he owed Barclays, had increased his direct debit and had made a number of payments to reduce his debt. It's clear he was trying to do what he thought was the right thing.

Unfortunately, he doesn't seem to have spoken to Barclays about his plan, or whether it would achieve what he wanted and pay off everything he owed. It's reasonable for Barclays to check that. And they told him in their response to his complaint that a paydown plan needed to be discussed with them. So I don't think they did anything wrong by not just accepting Mr P's assurances.

Mr P was particularly unhappy that Barclays suspended his card. I've thought carefully about this. I'm satisfied that Barclays told Mr P this was a possibility – and that he was given notice in March 2021 that Barclays would do this the following month.

I appreciate Mr P was making payments which he intended to reduce his debt. But he was also using the card for purchases each month. He's said these were only for small amounts. But, in the absence of an agreed paydown plan, Barclays had no way of ensuring the debt continued to reduce, rather than remaining static, or increasing due to the spending.

In those circumstances, I think it was reasonable to suspend Mr P's card. And that means I don't think Barclays need to do any more to resolve his complaint.

My final decision

For the reasons I've explained, I'm not upholding Mr P's complaint about Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 20 August 2021.

Helen Stacey
Ombudsman