

The complaint

Mr B complains about Barclays Bank UK PLC trading as Barclaycard and their decision to classify him as in persistent debt while suspending his card because of this.

What happened

Mr B held a credit card account with Barclays for several years. In late 2018, following an update to guidance set out by the Financial Conduct Authority (FCA), Barclays contacted Mr B to make him aware the way he was managing his account suggested he was in persistent debt. Mr B was unhappy about this and complaint to Barclays, who issued their response in October 2018 explaining they were following the FCA guidance.

In late 2019, Mr B received further correspondence from Barclays regarding to him being in persistent debt. Particularly, Mr B received a text saying he'd been sent a letter which he felt he'd asked Barclays not to do, due to security issues with receiving post at his home address. Barclays provided two responses to this complaint, in February and March 2020. And in both of these, Barclays felt they'd classified Mr B's account fairly. But they agreed they had sent Mr B letters incorrectly and they offered Mr B a total of £50 to recognise any upset this caused.

In August 2020, Barclays then wrote to Mr B explaining he remained in persistent debt and set out the options available to him to repay the credit card balance. And within this letter, they explained Mr B's card would be suspended if he didn't respond by the end of October. Mr B complained about this in September as he didn't think he should be classified as in persistent debt and should be allowed to manage his account as he wished. He explained he was able to repay the balance on the card if he wished to do so but didn't think Barclays were fair when forcing him to do so. Because of this, Mr B didn't select a repayment option. So, his card was suspended. Barclays didn't respond within the eight-week time period they were afforded, so Mr B referred his complaint to us.

Our investigator looked into the complaint and didn't uphold it. They first explained we were unable to look at any of the issues Mr B complained about in late 2018 and 2019, as Mr B hadn't referred his complaints to us within six months of Barclays final response letter. So, they explained these complaints fell outside of our time limits.

They explained they were able to consider Barclays decision to suspend Mr B's card and having done so, they thought Barclays had acted in line with FCA guidance. So, they didn't think Barclays had acted unfairly or needed to do anything more.

Mr B didn't agree and he raised several points explaining why. Mr B didn't think he'd received Barclays final response letter in March 2020 so he didn't think it was fair to say the complaint points addressed within this couldn't be considered. Mr B maintained his view that he wasn't in persistent debt at the time and so, he didn't think our investigator's assumption that he would've continued to repay more interest than capital balance was fair. Mr B also reiterated his belief that the £50 compensation Barclays paid him was to recognise their error when deeming him to be in persistent debt, not because of letters they'd sent him.

Mr B also raised comments about information provided to him in a call he held with Barclays, the length of time Barclays took to respond to his complaint and continued issues he had regarding receiving letters to his home address. Finally, Mr B alleged that Barclays had committed fraud by attempting to force him into repaying larger amounts to his debt which he feels benefited them and caused a loss to him.

Our investigator responded to the points Mr B raised they felt were the crux of his issues. And they explained that their view remained unchanged. Mr B didn't agree, so the complaint has been passed to me for 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 so, I'm not upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to set out exactly what I've been able to consider. I recognise Mr B complained to Barclays about their decision to classify him as in persistent debt, and the letters they sent to him when they should've been aware of his postal issues, in late 2018 and 2019. I can see Barclays issued three final responses to Mr B about these issues with the last being sent on 12 March 2020. I can't see that Mr B contacted our service until 11 November 2020, almost seven months later.

Our service is only able to consider complaints that have been referred to us within six months from the date of the business' final response. So, as Mr B didn't do so, I think any complaints considered in these responses fall outside of our time limits to consider. I recognise Mr B doesn't think this is fair and has made comments about the fact these responses were sent by letter and so, not received due to ongoing postal issues. But I can see these responses were also sent to Mr B by secured message online. And I can see they clearly explain the time frame Mr B had to refer his complaint to us. So, even if Mr B didn't receive the posted copy, I'm satisfied he had access to Barclays final response. Because of this, my decision will focus solely on the suspension of Mr B's credit card, an issue he raised in September 2020 which has been referred to our service within our time limits.

I'm also aware Mr B is unhappy with how Barclays handled the complaints he raised. But complaint handling is an unregulated activity and so, falls outside of our service's jurisdiction. Because of this, I'm also unable to consider this as part of my decision.

And before I explain how I've reached my decision; I want to recognise the impact this complaint has had on Mr B. I recognise Mr B is deemed as clinically extremely vulnerable due to ongoing medical treatment he is receiving. And I recognise how losing access to his credit card and its available limit would've been made even more stressful and upsetting because of this. I appreciate Mr B strongly denies being classified as in persistent debt and he's referred to his credit rating and income/savings available to him which he thinks disputes this. So, I can understand why Mr B has felt the need to complain about the actions Barclays have taken.

But for me to say Barclays should compensate Mr B, I'd need to be satisfied they'd done something wrong. So, I'd need to see evidence to show they failed to act within the FCA guidelines for accounts deemed to be in persistent debt. And if I think they did act within

these guidelines, I'd then need to be satisfied they acted unfairly by doing so. And in this situation, I don't think that's the case.

In March 2018, the FCA introduced rules that were designed to assist customers who were found to be paying more interest and charges than what they were paying to their capital debt. If a customer was found to fall into this category, they were deemed to be in 'persistent' debt. In this situation, the FCA stipulated that a business, in this case Barclays, should alert their customers if this trend continues for 18 months. And if nothing has changed in the following 18 months, then a card can be suspended to prevent a customer from falling into further debt.

I've seen that between March 2017 and February 2020, Mr B paid a total of £1,494.00 to his credit card account. But £966.47 of this went towards interest and charges. So, over this period, I think Barclays were fair to deem Mr B as in persistent debt as he paid more towards interest and charges than the capital he owed.

I've also seen from Barclays system notes that they wrote to Mr B on several occasions, in line with the FCA guidance, making Mr B aware he was deemed to be in persistent debt. As I can see Mr B complained about this on more than one occasion, I'm satisfied he received the majority of this correspondence. And so, I'm satisfied he was aware Barclays deemed him to be in this position. I recognise Mr B didn't agree with the fact Barclays deemed him to be in persistent debt but as I've already explained, I don't think Barclays acted unfairly when doing so and I'm satisfied they acted within the FCA guidelines.

I've seen in August 2020, Barclays wrote to Mr B again outlining the options available to him as he'd failed to bring himself out of persistent debt. This letter made it clear the options Mr B had available to him and they all involved Mr B agreeing a repayment plan to clear the outstanding balance and suspending his card while this was done. And the letter also explained if an option wasn't selected, the card would be suspended automatically. This letter and the information within it falls in line with FCA guidance.

I'm satisfied Mr B received this letter as he complaint to Barclays about it. But I can't see he agreed to a repayment plan, so the card was suspended. So, I don't think I can say Barclays acted unfairly, as I think it was made clear to Mr B what would happen.

While I recognise Mr B disputed Barclays decision to deem him to be in persistent debt, I think Mr B had been aware of this for some time and should've been aware he needed to increase his payments if he wanted to prevent further action. Mr B didn't do so. So, although I recognise Mr B feels he had the means to clear the balance if he wished to, I don't think the way he managed his account would cause Barclays to realise that. From the evidence Barclays had available, Mr B was paying less capital than interest and charges. So, by suspending the card, they were preventing Mr B from entering into further debt and I think they took this decision with Mr B's best interests in mind. Because of this, I can't say Barclays have acted unfairly and so, I don't think they need to do anything more.

I recognise Mr B has asked why this wasn't done earlier but due to COVID-19, businesses such as Barclays were asked to treat customers with forbearance due to the impact of the pandemic. So, I don't think Barclays acted unfairly by waiting until later into 2020 to complete the persistent debt process.

I understand this isn't the outcome Mr B was hoping for. And I want to reassure Mr B I've considered all of the points he's raised, including his allegation of fraud. But I want to explain to Mr B that we do not consider allegations of fraud as this is a criminal matter that would need to be handled by the relevant authority. But even so, I don't think the actions Barclays have taken were intended to advantage them while place Mr B in a lesser position. Their

decision to ask Mr B to pay increased monthly repayments was to ensure he was paying more off his capital than in interest in order to help him clear his debts in a timelier fashion. When Mr B didn't do so, Barclays prevented further spending on the card to again prevent Mr B's debt being increased. As per the FCA guidelines, customers in this situation then need to arrange a repayment plan to clear the balance which isn't meant to be a punishment but an action plan to help improve Mr B's financial situation. While Mr B disputes his financial situation needed improving, Barclays were only able to act upon Mr B's management of that account and I think they did so fairly on this occasion.

My final decision

For the reasons outlined above, I don't uphold Mr B's complaint about Barclays Bank UK PLC trading as Barclaycard.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 2 March 2022.

Josh Haskey
Ombudsman