

## **The complaint**

Mrs H complains that Barclays Bank UK PLC trading as Barclaycard (Barclaycard) are charging her too much interest.

## **What happened**

Mrs H had a Barclaycard since 2005. In September 2018, her balance was £8,655 with a limit of £8,700. In February 2021, her balance was £5,603 with a limit of £6,250. In April 2021, the limit was reduced to £5,700.

Mrs H complained. She said she wasn't reducing her balance due to the high interest rates being charged – and she can't see her way out of debt. She paid the minimum amount regularly each month without fail. She wants Barclaycard to waive some of the debt or agree to an interest free period of a year – to help her out.

Barclaycard said the interest on Mrs H's account was due to the high balance, which was payable. They waived one month's interest in February 2021 as a gesture of goodwill. If Mrs H was struggling, she should speak to their customer services team who may agree to reduce her interest rate and agree fixed monthly repayments.

Mrs H felt that Barclaycard's response wasn't helpful and brought her complaint to us. Our investigator said Barclaycard had acted fairly. Over the last few years, Mrs H had paid the minimum amount each month, or just more than that. But she'd also made some purchases and made cash withdrawals. The interest rate that Barclaycard was charging was currently 24.4% per annum – which was about average when compared to other card issuers. Interest had been applied correctly. Barclaycard had identified Mrs H as being in 'persistent debt' in March 2020 – because she wasn't paying off the balance – and contacted her to suggest she increased her payments. She wasn't any longer in that situation. Barclaycard had refunded or waived monthly interest due in five months between October 2018 and February 2021. Mrs H might consider contacting Barclaycard again to see if they could help by stopping interest and agreeing to a payment plan – but this was down to them to agree to.

Mrs H asked that her complaint be looked at by an ombudsman. She asked if Barclaycard would agree to an interest free period of a year.

## **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.

Let me say at the outset that we can't ask or make Barclaycard reduce their interest rates for their customers – that's a commercial decision for them to make, and we can't interfere with that. In Mrs H's case, she was paying Barclaycard's interest rate of 24.4% in February 2021.

But having said that, I've looked into Mrs H's complaint and her circumstances. I've looked at her statements from Barclaycard. In September 2018, she was borrowing £8,655 – with a limit of £8,700. She was paying the minimum amount (or close to it) each month. She was

also making purchases and cash withdrawals up to that time. So – she had incurred the debt and she has to repay it as it was her responsibility. But in 2018 - the balance wasn't coming down. It's never (in general) a good idea to only pay the minimum amount each month as it means the debt doesn't reduce very quickly. Barclaycard did put a warning on Mrs H's statements which said *"...if you only pay the minimum payment each month, it will take you longer and cost you more to clear your balance"*.

I can then see that in 2019, she stopped using her card for purchases, and increased her monthly payments. The minimum amount needed each month was about £170 – and she paid in between £200 and £220 each month. So that started to bring down the balance. By February 2021, Mrs H had reduced the balance down to £5,603 – so that must at least be of some comfort to her, as she was in a better position than she was. I can also see that over time, Barclaycard reduced her credit limit from £8,700 in 2018 to £5,700 in April 2021 – so they were trying to help her by making sure she didn't run up more debt.

I can also see that Barclaycard wrote to Mrs H in March 2020 as she was in 'persistent debt' – this was because they saw she wasn't bringing down her borrowing very much over the last 18 months – and they recommended she increase her monthly payments. I'm not sure if Mrs H did that because of Barclaycard's letter – but I can see that her debt had reduced by quite a lot by 2021 – even though I can see that Mrs H still doesn't feel good about her outstanding borrowing.

Barclaycard told us that if Mrs H is again identified as someone who's in 'persistent debt', then they will contact her again to ask her to increase her payments.

Barclaycard also refunded monthly interest in several months - £147.85 on 30 October 2018, £167.14 on 5 December 2018 and £119.70 on 23 April 2020. They also waived interest in May 2020 and February 2021. So – they've tried to help.

Mrs H says she's still struggling to pay Barclaycard's interest and she's worried that her borrowing is still high. As I've said, the interest being applied by Barclaycard is correct, and Mrs H does owe them the money – and I can't therefore say that Barclaycard should waive the debt or the interest. But – if Mrs H is struggling and is in financial difficulty, she should speak to Barclaycard to see if they will reduce the interest rate – or stop it and, agree to a monthly payment plan to pay off the balance. But – I must be clear here – it's down to Barclaycard to agree to this – and she must go through her income and expenditure with them. And if they agree to a plan, it will be recorded on her credit file – which means it will be more difficult for her to borrow money in the future. And, she won't be able to use her Barclaycard again while the plan is running.

I hope I've explained my decision and reasons to Mrs H. And – how she might approach Barclaycard for help. But in terms of her complaint - I think Barclaycard have acted fairly, and I won't be asking them to do anymore here.

**(continued)**

## **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 3 November 2021.

Martin Lord  
**Ombudsman**