

## **The complaint**

Mrs S complains that Barclays Bank UK PLC unfairly closed her loan and recorded a default on her credit file despite making regular monthly payments.

## **What happened**

Mrs S successfully applied for a loan with Barclays in 2013. In December 2016 Mrs S experienced difficulties maintaining payments. In January 2017 Mrs S spoke with Barclays and it agreed to provide some breathing space, meaning no payments were required for the following three months. Barclays also suspended interest and charges applied to Mrs S' loan during this three month period.

Barclays sent Mrs S a letter confirming the payment arrangement on 17 January 2017. The letter said Mrs S should get in touch to discuss repayment on the outstanding arrears when the payment arrangement ended. Mrs S says she thought Barclays agreed to call her at the end of the payment arrangement.

No payments were made following the three month agreement. Barclays spoke with Mrs S in October and November 2017 and payments began again in December 2017. Barclays contact notes show Mrs S raised concerns that her account was in arrears and told Barclays she intended to complain.

Mrs S continued making the contractual monthly payments but didn't repay the arrears Barclays says she owed. Barclays sent Mrs S arrears letters asking her to get in touch. As no response was received and the arrears weren't cleared, Barclays sent Mrs S a default notice in March 2019. The loan was later closed and passed to a third party to manage. A default was recorded on Mrs S' credit file.

Last year, Mrs S complained to Barclays about its decision to close and default her loan. Barclays apologised that Mrs S had received poor service when she called to raise her concerns and paid her £190. But Barclays didn't agree it had made a mistake by recording a default on Mrs S' credit file.

An investigator at this service look at Mrs S' complaint. They thought Barclays' decision to close and default the loan was reasonable, but said it should've taken that step in February 2018, not April 2019. The investigator said Barclays should backdate the default to February 2018. The investigator thought Barclays had paid a fair settlement in relation to the service provided.

Mrs S asked to appeal and said was living at the registered address in February 2018 so would've received a default notice if Barclays had sent one and taken action to avoid the loan closure. As Mrs S asked to appeal, her complaint has been passed to me 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.

I'm sorry to disappoint Mrs S but I don't agree Barclays treated her unfairly when it closed and defaulted her loan account. In January 2017 Barclays agreed to put payments on hold for three months. Barclays says it asked Mrs S to get in touch at the end of that period, but she didn't. Mrs S says she was expecting Barclays to contact her but it didn't.

Unfortunately, the call recording where Mrs S agreed the payment arrangement isn't available. But Barclays letter confirming the payment arrangement specifically says Mrs S should make contact at the end of the three month period to discuss her payments. I'm satisfied Barclays asked Mrs S to get in touch when the first payment arrangement ended.

I also think it's reasonable to note that Barclays sent Mrs S regular statements and arrears letters setting out the arrears position of her loan. In October and November 2017 Mrs S spoke with Barclays and said she would call back to complete an income and expenditure assessment with a view to reaching a new payment arrangement. So I'm satisfied, at that point, Mrs S was aware of the arrears on her account.

Mrs S has explained she didn't update Barclays with her new address when she moved so didn't receive the default documents it sent. In response to the investigator, Mrs S said that if she'd received the default notice she would've found a way to clear the arrears balance. But, as I've said, I'm satisfied Barclays sent clear information to Mrs S that said her loan was in arrears and it wanted to reach an agreement to repay them.

The investigator thought Barclays had waited too long to default Mrs S' loan and asked it to backdate the registration date to February 2018. I agree that's a fair way to resolve Mrs S' complaint and will mean it drops off her credit file sooner.

Barclays paid Mrs S £190 to apologise for the service provided. I'm satisfied £190 fairly reflects the number of calls Mrs S had to make and the way her queries were handled. As Barclays has already paid a fair level of compensation, I'm not telling it to increase the award.

### **My final decision**

My decision is that I uphold this complaint and direct Barclays Bank UK PLC to backdate the default recorded on Mrs S' credit file to 12 February 2018.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 23 December 2021.

Marco Manente  
**Ombudsman**