

## **The complaint**

Mrs R complains that Barclays Bank UK PLC trading as Barclaycard were not clear with her regarding what would happen with her outstanding balance when her account defaulted and poor customer service.

Mrs R is represented by her husband in bringing this complaint. But for ease of reading, I'll refer to any submission and comments he has made as being made by Mrs R herself.

## **What happened**

Mrs R suffered financial difficulties in 2019 and contacted Barclaycard to set up a repayment plan. Mrs R spoke to a call handler from Barclaycard who asked her income and outgoings. The call handler concluded that Mrs R did not have any disposable income to make a repayment plan so informed Mrs R of what would happen moving forward.

Mrs R says she was under the impression that her debt would be written off and that the only negative consequence would be that a default would show on her credit file for six years, making it more difficult for her to get any credit if she applied for it. She says she rang Barclaycard back on the same day to check what would happen.

Mrs R says that she was unable to speak to the original call handler and was instead transferred to what she believed to be an overseas call centre. After the call she still believed that the outstanding balance would be written off.

Mrs R says she was contacted by a debt collection agency in January 2021, so she contacted Barclaycard to find out why this was. Mrs R says that Barclaycard weren't helpful and said there was nothing that they could do. Mrs R said she had poor customer service here when trying to find out what was happening. Mrs R made a complaint to Barclaycard.

Barclaycard did not uphold her complaint, so she brought her complaint to our service. Our investigator did not uphold her complaint. He said having listened to the call on 24 May 2019, Barclaycard didn't make any indication of writing off the debt. Our investigator also commented on further communication that Mrs R was sent which showed the outstanding balance could be passed to a debt collection agency.

Our investigator said if there were any misunderstandings about the repayments on the phone, Barclaycard fulfilled their requirements to inform Mrs R by sending the documents explaining what would happen next. He said in the letters Barclaycard sent her, it clearly stated that if the repayments were not made, Barclaycard had the right to refer the debt to a third party. In terms of the poor service, our investigator explained that while Mrs R had other accounts with Barclays, different departments at the company may only be able to discuss accounts in their department.

Mrs R asked for an Ombudsman to review the complaint. She made a number of points. In summary she said her understanding was that the only burden she would have to suffer is the default showing on her credit file for six years and the debt would be finished at the time of the call in May 2019, but to her surprise she received collection letters from the third party

debt collector in 2021. She also said that when she contacted Barclaycard about this, she did not receive proper attention for this matter. Mrs R said that Barclaycard didn't apply a duty of care in handling her debt situation and solution, so she had to ring them back later that day and the call handler Mrs R spoke to was in a call centre in another country as her English, accent and diction was wanting.

### **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.

Mrs R has made a number of points to both Barclaycard and this service and I've considered and read everything she's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of her complaint in deciding what's fair and reasonable here.

I've listened to the phone call on 24 May 2019, when Mrs R originally discussed a repayment plan with Barclaycard. Due to Mrs R's financial difficulties, Barclaycard were unable to put a plan in place but clearly set out what would happen next. This included terminating her account, registering a default and potentially passing the debt to a third party collections agency.

I'm persuaded that Mrs R did understand what the call handler was saying to her here. I say this as Mrs R made several references to the outstanding balance such as her asking if she had a change in circumstances later, would she be asked *"to pay the whole (outstanding balance)"* and she later asked *"what happens if I offer you later on £2000"*. This would indicate that Mrs R would be aware that there would still be a debt to pay and that the outstanding balance wouldn't be written off.

The call handler does clearly explain on more than one occasion that the debt could be passed to a third party debt collection company. When Mrs R asks what would happen if she had no changes to her circumstances, the call handler says *"your account can be placed, or the ownership transferred to a third party at any time"*.

Again, when Mrs R asks what happens if she didn't contact Barclaycard within six years, the call handler confirms in relation to the outstanding balance, *"so it can be passed over to an external debt collection agency. If that happens you just advise them the same thing (that there's no change in your circumstances)"*. Mrs R later says that if her circumstances should change in the future, she may be able to pay £2,000. So I'm not persuaded that there was any indication from Barclaycard that they were going to write off the debt. Or that Mrs R left the call by thinking the debt would be written off or that it couldn't be passed to a third party.

I've thought about what Mrs R says about contacting Barclaycard on the same day. I've listened to this call. The call handler corrects Mrs R by saying that the outstanding balance *"won't be cancelled for six years"* and Mrs R can *"pay any amount (she wishes) to pay"*. The call handler did not at any stage say the debt would be written off and told Mrs R on more than one occasion that the debt wasn't cancelled.

In relation to Mrs R's comments about the call handler's location, I've seen no evidence that the call handler was located in another country, but even if she was, I can't say that the call handler has managed the call in any other way but as professional and how I would expect her to, as she answered Mrs R's questions and looked at the notes from the previous call handler and reiterated that the debt hadn't been written off. Barclaycard have confirmed that they operate globally and any of their agents who are based abroad and trained to handle

issues relating to UK accounts, do so within the laws, rules and regulations applicable to financial institutions in the UK.

Although I'm not persuaded that Barclaycard have implied or gave the impression that they would write off the debt, the letters which Barclaycard sent to Mrs R after these phone calls clearly state what could happen in the future. So even if there was a misunderstanding on the phone calls, the letters sent after these phone calls are clear that the debt could be transferred to a third party and that they "*may take further action to collect the balance in full*" as it states on one of her letters which is dated 10 June 2019. The letter dated 29 July 2019 states that her full outstanding balance "*is now due*" and the letter states that if she can't pay this then they may transfer the debt to a third party. So I do think that it's clear that the outstanding balance wouldn't be written off and could be transferred to a third party.

I've considered what Mrs R has said about the debt solution that Barclaycard put in place. But I am persuaded that they did try to help her. I say this as they froze interest and charges and tried to put in place an affordable repayment plan. But as Mrs R had no disposable income, Barclaycard were responsible by not asking her to make a payment when she couldn't afford one. Then they clearly outlined the steps they would take after the initial call in letters to Mrs R including a telephone number if she wanted to contact them. I've seen no evidence of any calls after she received the correspondence until Mrs R received contact through the debt collection company.

I've considered what Mrs R has said about the service she received and what Barclaycard had told her. As the original call handler had explained, Barclaycard may transfer the ownership of the debt to a third party. And because they did this then I'm persuaded that this is why they weren't in a position to assist Mrs R as they did not legally own the debt after it was transferred to the third party debt collector. And Barclaycard have confirmed that staff who work in different departments in their business may have refer to a Barclaycard colleague to get specific details of a Barclaycard account.

So although Mrs R thinks the staff she spoke to were dismissive, I'm persuaded they weren't able to assist her as the debt had been transferred to a third party debt collection company as it was explained to her several times by phone and letter that this could happen.

I'm sorry to hear that Mrs R's financial situation has worsened since she originally spoke to Barclaycard. But, for the reasons I've already given I'm satisfied that Barclaycard have been clear that the debt may be passed to a third party debt collector and that the balance wouldn't be written off. So it follows I won't be asking Barclaycard to do anything further here.

### **My final decision**

I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 18 November 2021.

Gregory Sloanes  
**Ombudsman**