

The complaint

Mrs W complains that Barclays Bank UK PLC trading as Barclaycard, unfairly recorded negative information against her credit file around the start of the Covid-19 pandemic.

What happened

Mrs W holds a credit card with Barclaycard. At the end of March 2020, she was forced to shut her business due to Covid-19. She informed Barclaycard and was given 30 days' breathing space on her payments. But shortly after she fell ill with Coronavirus, while trying to deal with a house move and going through a divorce. So, when she received emails and messages offering her a three-month break on her payments - based on new temporary guidance issued by the Financial Conduct Authority (FCA), she contacted her creditors to take up the offer. However, in May 2020, she realised she was still receiving Barclaycard chaser letters, and that the account was showing in arrears, so she contacted them.

Mrs W said that Barclaycard told her however, that they'd received no request to process a payment break on this account. Mrs W said it was at this point, she realised she'd made an error and had not informed Barclaycard of her request. She asked Barclaycard to process the payment break at this point, and explained that she may be due some money from her divorce settlement in a few months. But Barclaycard said this was no longer possible, as her account was now more than one month in arrears.

Mrs W made a number of calls following this, and in July 2020, brought the account up to date. She said that during these calls, she was told her credit file wouldn't be affected. But following the missed payments, negative information was recorded against her credit file. So, concerned about the impact this could have on her ability to secure either a mortgage or further tenancy, she complained.

Barclaycard said Mrs W had made two requests for a payment break in May 2020, but both were declined, as her account was more than one month in arrears, which was the maximum arrears allowed for a payment break to be approved in line with their process. So they maintained that they were right to refuse her request, and said that the missed payments recorded on her credit file were an accurate reflection of the account. Unhappy with this, Mrs W brought her complaint to our service.

An investigator considered her complaint and recommended it be upheld. He said he appreciated Barclaycard had introduced some specific measures around arrears levels before approving the payment break. But he didn't think these measures led to a fair outcome for Mrs W, when taking into account the FCA's guidance. He said he thinks Barclaycard should've backdated the three-month payment break to April, to put her account in the position it would've been had it been approved then. And he thought they should remove any adverse information relating to the April, May and June payments from Mrs W's credit file.

But Barclaycard maintained that they followed the correct process throughout. And as the account was in two month's arrears, the payment break shouldn't have been approved. So the case has been passed to me to decide.

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'd like to start by saying that I'm sorry to hear about the circumstances Mrs W found herself in. I imagine this must have been a particularly stressful time for her.

The FCA guidance around temporary relief for customers during the pandemic says that:

Where a customer is already experiencing or reasonably expects to experience temporary payment difficulties as a result of circumstances relating to coronavirus, and wishes to receive a payment deferral, a firm should grant the customer a payment deferral for 3 months unless the firm determines (acting reasonably) that it is obviously not in the customer's interests to do so.

Mrs W thought she originally called in March 2021 and set up the FCA approved payment break, but it turns out that this was just when the original 30 days' grace period was agreed. Mrs W accepts this, and this is no longer in dispute. At this point, her account was not in arrears.

When she called in May, she explained that she believed the payment break had already been approved. But Barclaycard were not willing to accept her request for the break at this point, because it fell outside of their policy, as the account was more than one month in arrears.

But the finalised guidance for temporary relief for customers impacted by the pandemic, that was issued by the FCA, doesn't specify whether an account may be in arrears or not at the time of the request. It does however say:

"These measures won't replace normal forbearance rules where these would be more suitable for a consumer in serious and immediate financial difficulty. Consumers in financial difficulty should contact the Money Advice Service (MAS) for further guidance."

In this instance, Mrs W had not been experiencing serious financial difficulty, and her account had been up to date up until March 2021, when she called in and was offered some breathing space. The problem with her payments only started at this point, as a result of issues with her job at the start of the pandemic, and becoming ill with Coronavirus.

It's also clear from the call notes that Barclaycard has provided from the call in May, that Mrs W was awaiting the result of a divorce settlement hearing in the next couple of months, and could be potentially expecting some money through from that. And she did go on to clear all of the arrears on the card in July 2021, settling the balance in full in August 2021—further illustrating the temporary nature of her difficulties.

While I appreciate Barclaycard has introduced its own criteria that an account should be no more than one month in arrears at the point a payment break is requested, the FCA guidance isn't this specific, and instead talks about businesses not being required to assess a customer's eligibility for the break. And while the breaks were not designed to replace normal forbearance considerations for those with more serious financial difficulty, the arrears in this case for Mrs W, were short-term, and directly related to both her health and work, as a result of the Covid-19 pandemic.

So for these reasons, I think when Mrs W spoke with Barclaycard in May 2021, they should've backdated her payment break request to April 2021. Had they done so, she would

not have received any late payment markers for the months of April, May and June 2021. So I think they should rework her account, so it reflects as though they had.

My final decision

For the reasons explained above, I uphold Mrs W's complaint and require Barclays Bank UK PLC trading as Barclaycard to:

- remove any adverse information from Mrs W's credit file relating to payments due between April 2021 and July 2021;
- rework Mrs W's account to put her back in the position she would've been had the payment break been applied effective from April 2021.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 22 October 2021.

Brad McIlquham
Ombudsman