

The complaint

Mr S complains about the level of support provided by Barclays Bank UK PLC trading as Barclaycard (Barclaycard) when he got in to financial difficulties.

What happened

What Mr S says

Mr S says that he has a Barclaycard and that over the years his credit limit and debt increased. He says that as a result of this and borrowing from other financial institutions he fell behind with his payments. Mr S believes Barclaycard should have been aware he was using his credit card to gamble. As his debt grew Mr S contacted Barclaycard which agreed to freeze the account until such time as Mr S was able to make repayments. Barclaycard also added a default notice.

Some time later Barclaycard contacted Mr S and said that interest and charges were added to his account which shouldn't have been as Mr S was in financial difficulty when they were added. Barclaycard agreed to refund the interest and charges and said the removal of them would reduce Mr S's outstanding balance. Barclaycard also paid Mr S £75 compensation. Mr S says that at the time he was struggling to pay priority bills so accepted this compensation figure. He now believes he should have asked Barclaycard to write off his debt or reduce it.

Mr S also says that he later contacted Barclaycard in an attempt to set up a repayment plan. He's unhappy that the repayment amount of £50 a month means he will be repaying his debt to Barclaycard for over seven years.

What Barclaycard say

Barclaycard notes that the increase in credit limit aspect of Mr S's complaint is being dealt with separately and wasn't raised in time for this service to consider it. The rest of his complaint concerns the management of his account while it was in arrears and the information provided to the credit reference agencies – which form part of this complaint.

Barclaycard says that Mr S let it know he was experiencing financial difficulties in January 2018 and at that stage it suspended interest and fees on the account temporarily and asked Mr S to complete an income and expenditure assessment. In February 2018 it sent a default notice and in March 2018 Barclaycard received Mr S's income and expenditure assessment. Mr S offered to pay £100 a month but Barclaycard felt this was unaffordable as his assessment showed a negative monthly disposable income. Given this, Barclaycard advised Mr S not to make any payments until he could afford to do so. In April 2018 Barclaycard told Mr S it had registered a default with the credit reference agencies.

Barclaycard wrote to Mr S in January 2019 explaining that it was refunding to his account interest and fees amounting to £204.26. It has explained that after reviewing its procedures it felt it hadn't historically offered appropriate support to some customers facing financial difficulty. To remedy the position Barclaycard refunded interest and default fees applied to the account during the period it may not have provided the service it should have. In addition, Barclaycard made a £75 inconvenience payment to Mr S.

In 2020 Mr S set up a repayment plan of £50 a month. Barclaycard say Mr S then complained to Barclaycard in October 2020 and at this stage he explained his gambling

problems. Barclaycard has explained that it didn't monitor spending on accounts and that at the time it couldn't stop gambling transactions. But Barclaycard explained it can provide support, such as removing the cash facility from the card. To do so, Barclaycard says it needs to be aware of a gambling problem and Mr S only raised this around two years after it registered a default.

Our investigation so far

The investigator who considered Mr S's complaint didn't recommend that it be upheld. He said that the management of Mr S's account and the fact he continued to make minimum payments didn't indicate a problem. The investigator also noted that Mr S only notified Barclaycard that he had a gambling problem in October 2020, almost two years after the account was defaulted. Finally, the investigator felt Barclaycard acted reasonably in refunding interest and charges from the point it was made aware of Mr S's financial difficulties.

Mr S didn't agree with the investigator. He said:

- Barclaycard should not have profited from his gambling problems which he considers were clear given the number of transactions and the manner in which the credit was utilised.
- He shouldn't have been offered credit limit increases.
- The fact he was able to meet minimum payments shouldn't excuse Barclaycard from taking advantage of the situation.
- He's aware the use of credit cards for gambling was banned in 2020 which clearly shows there was a problem before this.

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 need to be clear that I'm not considering in this decision the credit limit increases Mr S has referred to and whether they were affordable as these form part of a separate complaint. I am only considering whether Barclaycard has treated Mr S fairly in its management of his account.

I've considered whether Barclaycard should have done more to step in and offer Mr S help earlier. I have been provided with credit card statements from 2014 onwards. These show that Mr S paid the minimum payment each month and with the exception of a few months he paid on time. This continued until October 2017. After this date no further transactions were made, and the account was then closed. Whilst Mr S paid around £600 to gambling sites in December 2013, he didn't make further substantial payments after this. In the circumstances, I don't consider Barclaycard missed opportunities to step in and provide support before Mr S let it know he was experiencing difficulties in late 2017/early 2018.

When Mr S notified Barclaycard he was experiencing difficulties, I'm satisfied it took steps to understand the position he was in and whether he could make sustained payments. Although Mr S offered to pay £100 a month it was Barclaycard that said this sum was unaffordable and so Mr S should not make payments until he was in a position to do so whilst also meeting his priority payments. I consider Barclaycard acted reasonably in relying on the information provided in the income and expenditure assessment to reach this conclusion. I also consider Barclaycard treated Mr S fairly in confirming that it would not pass his account on to any third parties (for example debt collection agencies) and in ensuring his account was handled by a specialist team.

I'm persuaded that Barclaycard acted reasonably in contacting the credit reference agencies and noting Mr S's account was in default. The Information Commissioner's Office (ICO) says that when a customer is at least three months behind with their payments a default may be registered and that it expects a default to be registered by the time a customer is six months behind with their payments. Mr S was six months behind with his payments when Barclaycard registered the default. In the circumstances, I consider Barclaycard acted reasonably. Credit files need to accurately record a person's financial history, irrespective of the reason a customer has missed consecutive payments.

Barclaycard has recognised that it didn't support Mr S as much as it might have when it applied interest and fees to his account after he got in to financial difficulty. Where a financial business has made a mistake, this service expects it to put things right by putting a customer in the position they would have been in had the mistake not happened. In this case this is what Barclaycard has done by refunding Mr S the interest and charges it added to his account once it knew he was experiencing financial difficulties. Barclaycard also offered an inconvenience payment of £75 to Mr S. In the circumstances I consider Barclaycard acted fairly and reasonably and so I'm not asking it to do anything more.

Mr S has referred to the £50 a month repayment plan he had in place when he brought his complaint to this service. I appreciate that the level of payment means Mr S will be repaying the debt for some years. But I'm not persuaded that Barclaycard is acting unreasonably in requiring Mr S to repay what is owed at a rate that he can sustainably afford.

Overall, whilst I'm sorry to hear of Mr S's circumstances I'm persuaded that Barclaycard has acted fairly and reasonably.

My final decision

For the reasons set out I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 January 2022.

Jay Hadfield
Ombudsman