

The complaint

Miss H complains about Barclays Bank UK PLC's handling of a payment holiday regarding her loan account.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead I'll focus on giving my reasons for my decision.

My provisional findings

I wrote to both parties on 11 February 2022 to inform them that based on what I'd seen so far, I was thinking of coming to a slightly different outcome to our investigator. I said:

"My decision focusses on events up to Barclays final response to Miss H's complaint in January 2021. However there are some aspects relating to these events that follow on from this date. So I'll explain my intended findings on this below.

My role as an ombudsman is to decide how a complaint should be resolved, quickly and informally. That means I will focus my investigation and decision on what I consider the crux of the issue to be. I don't intend to comment on everything Miss H has said or asked, unless I consider it relevant to the decision I need to make. But I can confirm I have thoroughly read and considered all the evidence presented by both parties.

What I've provisionally decided – and why

- It's not in dispute the payment holiday was incorrectly set up, or that the funds taken in error were later returned to the account.*
- The payment holiday should have covered July, August and September 2020, and I can see in September 2020, Barclays wrote to Miss H to inform her the payment holiday had been extended by a further two months.*
- But internal information provided by Barclays shows that November's payment wasn't included in the payment holiday – which is where the ongoing issues with arrears appear to have originated from.*
- Any payments included in the payment holiday should've been added to the end of the loan term.*
- I can see further issues exist regarding arrears from May 2021, but up until this point Miss H was chased for the arrears relating to the payment holiday alone – which wouldn't have existed had it not been for Barclays error*
- I can see Miss H has spent a lot of time communicating her concerns to Barclays and has received calls from different departments regarding the arrears. So I can understand Miss H's frustration regarding the arrears and why this would've been a stressful situation for her.*
- In its final responses, Barclays offered Miss H a total of £500 compensation as well as a refund of around £114.91 for overdraft charges. But considering the additional point I've set out above regarding Barclays handling of the payment holiday and chasing Miss H for arrears up to May 2021, when it shouldn't, I'm intending to direct*

Barclays to pay Miss H a further £300 compensation. So the total compensation award would be £800 plus the costs Miss H incurred of £114.91. I think this is fair in relation to the circumstances of this complaint.

- I've not seen any evidence that persuades me Miss H's credit file has been affected by events from this period but if any negative information does exist for this period, Barclays should remove it.*
- I am aware Miss H has ongoing concerns with Barclays' handling of her loan account. If she is dissatisfied, she must refer this to Barclays in the first instance, but she may consider bringing a further complaint to this service if she isn't satisfied with its response.*

Putting things right

To put things right, I intend to direct Barclays to:

- Reduce Miss H's arrears, removing the incorrect payment from the balance along with any associated interest charged*
- Add the figure to the end of the loan as an extension of the term*
- Ensure no adverse or negative information is being reported to the credit reference agencies in relation to this matter*
- Pay Miss H a total of £800 compensation*
- Refund agreed costs incurred of £114.91"*

Responses to my provisional decision

Neither Miss H or Barclays provided further comments for me to consider.

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.

Having reconsidered everything, I don't see any reason to depart from my provisional findings. So I'm upholding Miss H's complaint for the reasons set out above.

Putting things right

To put things right, I direct Barclays to:

- Reduce Miss H's arrears, removing the incorrect payment from the balance along with any associated interest charged.
- Add the figure to the end of the loan as an extension of the term.
- Ensure no adverse or negative information is being reported to the credit reference agencies in relation to this matter.
- Pay Miss H a total of £800 compensation.
- Refund agreed costs incurred of £114.91.

My final decision

My final decision is that I uphold Miss H's complaint

I direct Barclays Bank UK PLC to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 29 March 2022.

Michael Baronti
Ombudsman