

The complaint

Mrs C is unhappy that Barclays Bank UK Plc (trading as “Barclaycard”) pursued her for a debt that wasn’t hers.

What happened

In early 2020 Mrs C was the victim of identity theft. Several different banks contacted her to let her know accounts in her name had been opened fraudulently and would be closed.

In April 2020 Mrs C was contacted about the repayment of a credit card debt of around £200 with Barclaycard she’s explained wasn’t hers. She contacted Barclaycard by phone and by letter immediately to explain the debt wasn’t hers but received no response.

She returned a further debt collection letter at the end of April 2020, wrote to Barclaycard again in July 2020 to confirm the debt wasn’t hers and returned a further letter at the end of July 2020. She continued to receive no response other than letters chasing repayment.

In August 2020 Mrs C contacted our service to make a complaint. Barclaycard wrote to Mrs C twice in September 2020, the first letter asking her for further details in order to investigate things, the second it’s final response. Mrs C has said she didn’t receive either of these letters until our service forwarded them to her.

In its final response, Barclaycard said it accepted Mrs C had received poor service and offered her £50 in recognition of this. It again asked for further personal details so it could investigate the identity theft aspect of her complaint. Mrs C responded to Barclaycard with the information it required and explained to our service she was unhappy with the £50 offered. In October 2020 Mrs C started to receive debt collection letters from a third party debt collector and wrote to it to confirm the debt wasn’t hers.

Barclaycard confirmed in January 2021 the debt had been removed from Mrs C’s credit file and she would no longer be pursued.

Our investigator considered the complaint and felt further compensation was due for the distress and inconvenience Mrs C was caused. They recommended £100. Mrs C didn’t accept this as she didn’t feel it was high enough. Barclaycard doesn’t appear to have responded. As Mrs C didn’t accept the investigators findings the 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.

Mrs C feels Barclaycard should’ve noticed the account in her name had been opened fraudulently from the outset. She’s explained all the other accounts opened by the fraudster were identified by the banks involved without her intervention.

It's unfortunate Barclaycard wasn't able to identify the fraudulent account straight away and I'm glad to see so many had in this case been able to do that. But each bank will have its own processes in dealing with account applications and it seems Barclaycard wasn't, on this occasion, able to identify the account was opened fraudulently until Mrs C got in touch. I don't think this in itself is Barclaycard acting unfairly.

I also think it's important to take into account that whilst Barclaycard has certainly caused delays in this case, it isn't responsible for the fact that Mrs C was a victim of fraud in the first place. There always would've been a degree of inconvenience and worry while she sorted this out. That said it's clear Barclaycard didn't act as soon as I would've expected it to in this case and this has clearly prolonged the worry and inconvenience Mrs C has experienced.

There's some dispute around the contact between Mrs C and Barclaycard. Barclaycard has no record of having been contacted by her before September 2020, although it does seem to have acknowledged she's received poor service.

But I've seen copies of the letters Mrs C sent to Barclaycard and I can see they're correctly addressed. And given her consistent version of events, I can't see any reason she wouldn't have sent the letters as she's said she did, or any reason they wouldn't have been received by Barclaycard. So it seems it is a failing on Barclaycard's part these letters weren't logged and responded to as I would've expected them to be.

Mrs C has also said she didn't receive the letters Barclaycard sent her in September 2020. And I'm not suggesting I disbelieve her, but in the same way I accept her letters were sent to Barclaycard, I've accepted Barclaycard's letters were sent to her.

I can see the first letter Mrs C has provided was sent on 9 April 2020 so I think from this date Barclaycard was in a position to take action and help her. I've noted Mrs C has said she called two days prior to this. It's not clear to me if she spoke to someone on this occasion and her records say she was on hold for over an hour. But given the letter was two days after this and Barclaycard wouldn't have been able to resolve things instantly I think it's reasonable to go from 9 April 2020.

In September 2020 Barclaycard first acknowledged Mrs C's concerns and asked for more information from her in order to investigate her fraud claim. In the meantime it appears it allowed the debt, which by this point it knew was in dispute, to be passed to a third party debt collector who began contacting Mrs C. Whilst I accept Barclaycard didn't have all the information it felt it needed from Mrs C, given it knew the debt was disputed I think it would've been reasonable to place a hold on this action.

Mrs C provided all the information Barclaycard needed in order to investigate her claim on 27 October 2020 after our service forwarded her Barclaycard's request. It then didn't respond until 27 January 2021 – three months later. Mrs C wasn't pursued during this period, but her credit file remained impacted and the worry she felt about the debt continued as she wasn't sure what was happening with it.

All in all I think Barclaycard can reasonably be held responsible for around nine months of delays, from early April 2020 when Mrs C first contacted it, until January 2021 when it resolved the matter.

During this period Mrs C has explained she was very stressed about the debt collection letters she received and the impact this situation had on her credit file which I don't doubt. I can see being pursued for a debt that wasn't hers together with a lack of response or acknowledgment from Barclaycard would've been stressful. Especially when the debt was then passed to a third party debt collector.

In addition, she's explained that in January 2021, after receiving no further contact from Barclaycard further to its letter stating the debt would be removed, Mrs C signed up to a chargeable monthly service with a credit reference agency so she could check her credit file and get further support with the incorrect information recorded.

I do acknowledge Mrs C would've been able to contact the credit reference agency and check her credit file without signing up for the chargeable service. But, I think she took this action because she wasn't sure where to turn given the lack of contact from Barclaycard. So whilst I don't think Barclaycard is entirely responsible for this cost, I've taken this additional inconvenience into account in the round.

Mrs C has also spoken about the impact this situation had on those financially linked with her and that share her address, in particular the mobile phone contract her husband was unable to take out and the embarrassment and financial loss this caused. And whilst I accept the impact this likely would've had on those financially linked with her, Mrs C is the only eligible complainant in this case as only she was being pursued for the debt with Barclaycard. This means as part of this complaint I'm only able to consider the impact Barclaycard's actions had on her directly. So I haven't been able to take the impact on her husband's finances into account.

Overall I don't think the £50 offered by Barclaycard is sufficient and I don't think it recognises the worry and frustration Mrs C has experienced given that for six months, and then a further three months, Barclaycard pursued her for a debt that wasn't hers and didn't acknowledge or investigate her claim after she'd been a victim of fraud. I also don't think the £50 offered compensates her fairly for the amount of time she's clearly had to spend trying to resolve the matter. What reasonably ought to have been a few hours of inconvenience for her has become repeated correspondence to several different parties.

I'm aware the investigator has recommended £100 in this case, but I'm increasing this to £200 as I think this is a more appropriate award in this case for the reasons given.

My final decision

My final decision is that I require Barclays Bank UK Plc trading as Barclaycard to pay Mrs C a total of £200 in compensation. If the £50 previously offered has already been paid to her, it only need pay a further £150.

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

Faye Brownhill
Ombudsman