

## **Complaint**

Mr B says that Barclays Bank UK Plc (trading as “Barclays”) unfairly defaulted two overdrafts and a loan.

## **Background and my provisional decision of 20 December 2021**

Mr B had two current accounts and a loan with Barclays. Barclays passed these accounts to its collections department as they were in arrears and the accounts were eventually defaulted.

Mr B was unhappy because he said he was told to take a payment holiday and as soon as the holiday finished the account was passed to collections without him having the chance to repay what he owed.

On 20 December 2021, I issued a provisional decision setting out my initial findings on Mr B’s complaint. I won’t copy that decision in full, but I will instead provide a summary of my findings.

I started by saying that it wasn’t in dispute that Mr B got in contact with Barclays, in 2017, to explain that he was experiencing financial difficulty due to being unable to work because of a wrist injury. And once a lender is told that a borrower is experiencing financial difficulty we would expect it to exercise forbearance and due consideration, in line with its regulatory obligations. Ultimately, we’d expect a lender to listen to a borrower, get an understanding of their circumstances and then assess the most appropriate way to move forward.

As a result of its conversations with Mr B, Barclays agreed Mr B shouldn’t make any payments for a temporary period in order to provide him with some breathing space and while a longer term-solution was found. I thought that it was important for me to emphasise that as this was in 2017 this wasn’t the same offering as a temporary payment holiday, brought in to mitigate the effects of the pandemic, which was available when Mr B complained in 2020.

When the temporary nil-payment plan Mr B was provided with ended, Barclays completed an income expenditure assessment with him and this showed his expenditure exceeded his income and so he had no disposable income. As this was the case, Barclays concluded Mr B wouldn’t be able to make his loan repayments or repay his overdrafts within a reasonable period of time and decided to begin corrective action in relation to the borrowing facilities.

I sympathised with what Mr B had told us. I appreciated he’d gone through a difficult time and understood why he’d be left unhappy with adverse information being recorded on his credit file and worried about the impact this would have on him. I also knew Mr B said he felt that he was misled by Barclays during this process and that he could repay what he owed. But I thought that by the end of 2017, it was clear the temporary measures taken clearly hadn’t improved Mr B’s situation. And I didn’t think it would have been fair, reasonable or proportionate for Barclays to have continued ignoring Mr B’s obvious and apparent difficulty repaying what he owed, the fact the income and expenditure assessment showed he

couldn't make his payments, or the fact that the credit he'd been advanced had become demonstrably unsustainable for him, indefinitely.

So by this stage, I would have expected Barclays to have taken corrective action in the way that it did. After all while withdrawing credit facilities and recording a default or other adverse information, might be viewed negatively by other lenders, it does offer the borrower certain protections in relation to the debts incurred.

I thought that requiring Barclays to remove the adverse information recorded here, even though it had refunded some of the interest and charges, would arguably be counterproductive and not in Mr B's interests or that of any future lender. This is because Mr B would still have been left with substantial amounts which he wasn't in a position to repay, in line with the initial arrangements, even with the refunded charges removed from the balances.

Bearing in mind all of this, I was satisfied that it was fair and reasonable for Barclays to begin the process of taking corrective action in relation to Mr B's overdrafts and loans when it did and issue default notices, offering Mr B the opportunity bring his accounts up-to-date before it would take any action. As this was the case and Mr B didn't or wasn't able to take steps to comply with the demands for payment, I was satisfied that Barclays was entitled to withdraw Mr B's overdrafts and default his loan.

So overall and having considered everything, I thought that Barclays acted fairly and reasonably in relation to Mr B's defaults and this left me intending to issue a final decision which didn't uphold Mr B's complaint.

### **Barclays' response to my provisional decision**

Barclays confirmed receiving my provisional decision and its acceptance of it. It also said that it didn't have anything further for me to consider.

### **Mr B's response to my provisional decision**

Despite being chased for a response, Mr B didn't provide anything further or ask for any additional time to do so.

### **My findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I set out why I wasn't intending to uphold Mr B's complaint in my provisional decision. And as neither party has provided any further information or arguments for me to consider, I've not been persuaded to alter my conclusions.

So I'm still not upholding Mr B's complaint. I appreciate that this will be very disappointing for Mr B. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained and in my provisional decision of 20 December 2021, I'm not upholding Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 February 2022.

Jeshen Narayanan  
**Ombudsman**