

The complaint

Mr C complains about a decision by Barclays Bank UK PLC trading as Barclaycard ("Barclaycard") to suspend his card for being in persistent debt.

What happened

Mr C has an account with Barclaycard that, before suspension, was maintained close to its credit limit. Barclaycard identified Mr C's credit card account as being in a state of persistent debt, and so issued letters to him advising of the steps he needed to take to ensure that the account was brought out of persistent debt. In summary:

- In October 2019 Barclaycard wrote to Mr C to inform him he'd paid more in interest charges and fees over the previous 18 months which meant he was in persistent debt. It told him he would be required to keep up with a new recommended repayment amount for the account. And that it would review the account over the next 18 months and if he remained in persistent debt his account would be suspended.
- In August 2020 it sent a further letter explaining he remained in persistent debt and again advised Mr C his monthly repayments would need to increase.
- Finally, in May 2021 a letter was issued giving Mr C three options on the account as it had been in persistent debt for at least 36 months. Following this letter Mr C's account was suspended on 24 May 2021 in accordance with persistent debt rules and Barclaycard procedures.

Mr C complained to Barclaycard. Essentially, he didn't think his account met the definition of persistent debt and thought he'd been paying down the card at a rate and speed faster than Barclaycard had requested in the post suspension payment plan.

Barclaycard told Mr C in the final response letter on 27 July 2021 it was unable to agree the account wasn't in persistent debt and the account had been suspended in line with internal policy and that it had to follow the Financial Conduct Authority's ("FCA") regulations on this point. Barclaycard told Mr C it was unable to remove the suspension. And as it hadn't made any errors it was unable to uphold his complaint.

Mr C brought the matter to us and told us in the year before the suspension he'd paid substantially more than the total of interest, fees and charges. He thought he didn't meet the specific definition of persistent debt set out in the credit agreement which allowed Barclaycard to suspend the account. He said he'd calculated the amount needed to pay off the account, taking into account interest, over five years and was paying that amount each month resulting in a consistent drop in his balance. And this was supported by the difference between the higher monthly amount he'd been paying and the lesser amount Barclaycard offered him in the payment plan following the suspension of the card. He wanted Barclaycard to remove the suspension and acknowledge he didn't meet the definition of persistent debt as he thought under the contract, they had no right to either suspend the card or declare him in persistent debt.

Our investigator didn't uphold the complaint. She thought Barclaycard had acted in line with both the account terms and conditions and the FCA rules on persistent debt set out in their Consumer Credit Sourcebook ("CONC"). She thought the correspondence issued by Barclaycard made Mr C aware of the potential for the account to being suspended. So, she was satisfied Barclaycard had to place the persistent debt block on Mr C's account in order to fulfil their duties set out by the FCA.

Mr C didn't agree and asked for an ombudsman to make a decision. He thought Barclaycard's approach in justifying the suspension of the card when he'd been consistently paying it down based on a minor shortfall - which he said he wasn't informed of - was manifestly unfair. Mr C asked for the suspension to be lifted and removed from his records as he thought it never should have happened. He said Barclaycard had never provided him with a clear explanation that persistent debt meant what it was now saying it did. He told us he was disappointed that although the FCA's Banking Code of conduct clearly said evaluations relating to "persistent debt" are to be made on the basis of "fairness" and in the "interests of the customer" this hadn't happened in his case.

Mr C also thought the investigator had based her decision on a purely technical calculation, justifying the suspension of his card based on a small shortfall he'd never been told about. And despite the clear evidence that the balance on his card was being paid down on a monthly basis. He thought the investigator's assessment wasn't consistent with the standards laid out in CONC. Or with this service's approach to a case namely to determine whether "the business treated you fairly or not". Mr C hoped that more than a purely mathematical calculation would be made and instead take into account the standards this service said it applied and that which CONC says should be applied.

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 appreciate that Mr C feels our investigator hasn't properly applied either the standards in CONC or taken our usual approach to his complaint. I've looked at everything afresh before reaching an independent view. But I'm not persuaded this is a complaint I can fairly and reasonably uphold. I'll explain why.

I can understand why Mr C feels strongly about this. He was making regular payments to the account. So, I can appreciate why he'd feel as though he was maintaining the account reasonably. But the FCA set rules (CONC 6.7.27) about "persistent debt" that companies such as Barclaycard have to follow.

They define persistent debt as when a consumer has paid more in interest, fees and charges than they've repaid towards the capital they owe over the previous 18 months. The FCA require businesses to assess whether a customer falls within this definition and when they identify that's the case the rules require a business to send letters to the consumer 18, 27 and 36 months after the account falls into persistent debt. Here Barclaycard identified that Mr C's account met, and continued to meet, the FCA's definition of persistent debt and I can see that they sent the letters they were obligated to send to Mr C after 18, 27 and 36 months. Those letters explained, amongst other things, why they thought Mr C was in persistent debt and why increasing payments would reduce the cost of the borrowing. They also encouraged Mr C to get in touch so they could provide advice.

The letters explained that the rules meant the account would eventually need to be suspended if insufficient action was taken. That was to enable Mr C to get on top of the debt. I think the letters Barclaycard sent complied with the FCA rules and that their assessment

the account was in persistent debt was correct.

Moreover Barclaycards contact records also show regular emails were sent to Mr C after the 18 month point - at the same email address we've been using to correspond with him - reminding him that the account was in persistent debt and whether the payments he made were on or off track. All but one of those emails advised, although the minimum payment was made, it wasn't enough to remain on track to get the account out of persistent debt. So it was off track and a personalised payment amount was suggested. Barclaycard told us it had no response to those emails. In addition, in the ten months before the card was suspended, Barclaycards records show several emails were sent to Mr C advising his account was operating near to its credit limit. So, I don't agree Mr C wasn't informed of the shortfalls or that Barclaycard have acted unfairly here.

Overall, as the action was taken by Mr C wasn't enough, Barclaycard had to eventually suspend the account and offer repayment options. So, I don't think Barclaycard have done anything wrong here and I'm not asking them to take any further action.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 5 September 2022.

Annabel O'Sullivan
Ombudsman