

## **The complaint**

Miss S complains that Barclays Bank UK PLC closed her loan account despite applying for a payment holiday.

## **What happened**

Miss S had a loan with Barclays with a monthly payment of £371. In February 2020 the direct debit payment was returned unpaid and Miss S made another payment to make it up at the end of the month. No payment was made in March 2020.

Miss S says she applied for a payment holiday for her loan around the start of April 2020. Barclays says there's no record of Miss S making a payment holiday application for the loan.

In May 2020 Miss S spoke with Barclays and explained she'd been out of work for some time. Barclays confirmed no payment holiday had been approved and placed the account on hold for a month to give Miss S some breathing space.

Miss S spoke with the branch in June 2020 and advised she was hoping to start work shortly. Miss S completed an income and expenditure assessment but Barclays said it didn't show she could afford to make loan payments. But Miss S started making payments of £110 a month in June 2020.

Barclays issued a final response on 9 July 2020 and offered Miss S £30 to apologise for delays when calling. But Barclays didn't uphold Miss S' complaint about the payment holiday or agree it had treated her unfairly. Barclays letter asked Miss S to contact its collections team to discuss a payment plan.

In September 2020 Miss S visited a Barclays branch and an income and expenditure assessment was considered by its collections teams. But Barclays says the information showed Miss S couldn't afford to revert to the contractual monthly payment of £371. Barclays sent Miss S a letter that confirmed it would move to close the loan if the arrears position continued but said it had accepted a payment of £0 a month.

The loan was closed and a default was reported on Miss S' credit file a short time later.

Miss S referred her complaint to this service and it was passed to an adjudicator. They thought Barclays should've realised Miss S wanted help when she successfully applied for a payment holiday for a credit card. The adjudicator also pointed to emails Miss S had sent Barclays emails asking for support. Barclays ultimately agreed to pay Miss S £100 for the distress and inconvenience caused but didn't agree to remove the default from her credit file. The adjudicator later confirmed they thought Barclays' offer was a fair way to resolve Miss S' complaint.

Miss S didn't accept and asked to appeal. Miss S has also told us the debt has been sold to a debt collector who's now contacting her for repayment. As Miss S asked to appeal, her 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.

Miss S has told us she applied for a payment holiday around April 2020 but hasn't been able to give a specific date. Barclays has checked its systems and can find no trace of a payment holiday application for Miss S' loan around this time. I'm satisfied the information available shows Barclays didn't receive or approve Miss S' payment holiday application - as it claims.

Barclays has also pointed out that the Financial Conduct Authority's Payment Deferral Guidance wouldn't have been suitable for Miss S' circumstances as the loan was already in arrears in April 2020. I think that's a reasonable point. The Payment Deferral Guidance, which allowed businesses to offer a payment break of three to six months without impacting the borrower's credit file, was intended for short term financial difficulties caused by the pandemic. But the guidance says that it wasn't suitable for all customers and that businesses should consider other options in terms of forbearance where there are longer term financial difficulties. Given Miss S' loan account was already in arrears at the point the Payment Deferral Guidance came into effect, I agree with Barclays that it wasn't a suitable option for Miss S.

I also think it's reasonable to note that no payments were made to the loan account between March and May 2020. Miss S started making payments of £110 a month from June 2020 but that was substantially less than the contractual payment so arrears continued to increase at a reasonable rate. That ultimately led to the loan closing.

I can see Miss S provided information to complete income and expenditure assessments. But each time, the information provided didn't show Miss S had capacity to begin making her contractual monthly payments again or repay the arrears. The information indicated Miss S was unable to maintain loan payments or enter a payment plan. So whilst I know Miss S was concerned about the increasing arrears position of her loan, I haven't found Barclays treated her unfairly by not agreeing an unaffordable payment plan.

I'm sorry to disappoint Miss S but having considered all the available information I agree with Barclays' view that the Payment Deferral Guidance options were unsuitable. I'm satisfied Barclays has treated Miss S fairly when considering options for her loan whilst it was in arrears and she was experiencing financial difficulties.

Our adjudicator thought Barclays could've provided assistance to Miss S sooner and asked it to pay her £100. Barclays has accepted. I'm satisfied that's fair in the circumstances of Miss S' complaint.

Miss S has told us the debt has been sold to a third party which has contacted her for payment. I'm sorry to disappoint Miss S, but the terms of her loan allow Barclays to reassign it to another business. And whilst I understand we've been dealing with an ongoing complaint, that isn't enough in itself to stop Barclays taking the decision to sell the loan.

If Miss S feels the new debt owner has failed to treat her fairly she has the option of raising her concerns directly. But once Barclays sold the debt it stopped being responsible for the recovery activity.

I'm very sorry to disappoint Miss S but I'm satisfied Barclays agreement to pay her £100 for the distress and inconvenience caused by its actions is a fair way to resolve her complaint. As a result, I'm going to uphold Miss S' complaint and proceed on that basis.

**My final decision**

My decision is that I uphold Miss S' complaint and direct Barclays Bank UK PLC to pay her £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 24 March 2022.

Marco Manente  
**Ombudsman**