

The complaint

Ms K complains about the service she received from Barclays Bank UK PLC trading as Barclaycard when she tried to set up a Direct Debit to make payments to her account.

What happened

Ms K opened a credit card account with Barclaycard in January 2021. She wanted to set up a Direct Debit and says that, after an hour and a half on the phone to Barclaycard, she was told that she would need to do this from the app. But Ms K says she couldn't set it up from the app, so she called Barclaycard to complain. During this call, Ms K's card was activated and the Direct Debit was set up. Barclaycard wrote to her afterwards to confirm that her complaint had been resolved and closed. It sent her a bottle of wine as a gesture of goodwill.

A few days after that, the first payment on Ms K's account was due. But the Direct Debit wasn't collected. Ms K says she received messages saying that her payment was late. Barclaycard applied a late payment charge and withdrew the promotional interest rate on her balance transfer. It also reported a missed payment to the Credit Reference Agencies.

It's not clear from the information I've seen whether Ms K was aware of these consequences at the time. She called Barclaycard in early March 2021 and spoke to the complaints department. The agent advised her to speak to her bank to check that the Direct Debit had been set up correctly at that end. Ms K remained unhappy about the situation and her complaint was re-opened.

Barclaycard didn't uphold the complaint. It said the Direct Debit had been set up correctly. It said it had made Ms K aware that it wouldn't be in place in time for the February payment and that she needed to make other arrangements for that month. It also said that it had correctly reported the missed payment to the Credit Reference Agencies.

But on or around 18 March 2021, Ms K received a call from Barclaycard. The agent told her that there had been an error on Barclaycard's part meaning that the Direct Debit hadn't been taken. The agent said that the Direct Debit needed to be cancelled and re-started. He said that the payments for February and March would need to be made manually and that the first Direct Debit would be collected in April. Ms K raised a further complaint.

In another call a few days later, Barclaycard confirmed that the March payment had been received. It said that a late payment charge had been applied to Ms K's account for the missed February payment. The agent agreed to refund this and confirmed that the Direct Debit was in place. The promotional interest rate was also reinstated. But Ms K was very unhappy about the situation and asked for the complaint to be escalated.

Barclaycard wrote to Ms K in April 2021 and offered compensation of £100 for the distress and inconvenience she had experienced and the time she had spent dealing with the issue. Ms K declined the offer and came to this service. She said she had spent hours dealing with the issue, including long waiting times on the phone with Barclaycard. She didn't think £100 was enough to reflect what had happened and the stress it had caused.

Since the complaint has been with this service, Barclaycard has confirmed that the Direct Debit was set up correctly at the outset. It just wasn't in place in time to collect the first payment. It says that the Direct Debit didn't need to be cancelled and reinstated in March 2021. It doesn't think it made a mistake here. But, as it has already offered compensation of £100 to Ms K, it says it's still willing to pay this.

Our Investigator thought that Barclaycard had acted reasonably by reinstating the promotional interest rate, refunding the late payment fee and offering compensation of £100. He also recommended that it pay Ms K's call costs. But Ms K didn't agree and asked for her complaint to be reviewed by an Ombudsman. She said that Barclaycard recorded negative information on her credit file and that her mortgage fell through as a result.

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.

Barclaycard has explained that it needs ten days to set up a Direct Debit. It says that the first payment on Ms K's account was due less than ten days from when the Direct Debit was set up. It says it told Ms K at the time that she would need to make the first payment manually. I'm satisfied that it sent messages to her about this before the payment was due.

Ms K says she didn't make a manual payment as she thought the issue was resolved. Barclaycard's letter of 15 February 2021 said that the complaint had been resolved. But that complaint was about setting up the Direct Debit and the fact that Ms K hadn't been able to do it over the phone or through the app initially. That issue had been resolved, as the Direct Debit had been set up once Ms K's card was activated. But I haven't seen anything which indicates that Ms K was told the February payment would be collected by Direct Debit.

I've listened to the call recordings which Barclaycard has provided. During one call, Ms K explained to the complaint handler that, when the Direct Debit was set up, there was a query as to whether it would be in time for the first payment. She said the agent she spoke to at the time was going to include this in the letter about the complaint. But the letter simply said that the complaint had been resolved and closed. It didn't address the timing of the first payment.

I can understand why Ms K may have thought the letter meant she didn't need to act upon the messages she had received previously. But I'm satisfied that she knew there was a possibility that the February payment wouldn't be collected by Direct Debit. So I think it would have been reasonable for her to have checked the position or made a manual payment when she received a subsequent payment reminder message.

Barclaycard has already refunded the late payment charge and reinstated the promotional interest rate. I think that was fair, as I can see that there was some ambiguity here over whether the first payment would be collected by Direct Debit. But I'm not going to ask Barclaycard to remove the late payment entry from Ms K's credit file. That's because I have to be impartial and I think Ms K did have some responsibility to ensure the payment was made on time, despite the confusion here. The payment wasn't made on time, so a late payment marker for February is an accurate reflection of the account status at that time.

Ms K says that her mortgage fell through as a result of entries on her credit file. I haven't seen anything to suggest that Barclaycard reported anything other than a late payment for February 2021. And I haven't seen any information about the mortgage application or why it was declined. So I can't safely conclude that Barclaycard is at fault in that respect.

I'm satisfied that the Direct Debit was collected successfully from March 2021 onwards. Barclaycard says this was because the original Direct Debit mandate had been set up correctly. It says this means that no mistake had been made and that the complaint shouldn't have been upheld. But I think Barclaycard did make some mistakes here. The information Ms K was given in the call on 18 March 2021 was wrong. She was told the Direct Debit hadn't been set up correctly and that it needed to be cancelled and re-started. It was reasonable for her to assume that what she was being told was accurate.

I can understand that it would have been stressful for her to hear that the Direct Debit wasn't in place. This was inconsistent with what she'd been told previously. And she'd already spent time contacting her bank and obtaining confirmation from them that they had set up the Direct Debit correctly. This was in addition to all the time she spent speaking to Barclaycard about the issue. In a subsequent call, the agent mentioned a late payment charge. But Ms K didn't seem to be aware of this and was clearly distressed to be finding out about it over the phone. Overall, I think the situation was confused and could have been handled better.

In the circumstances, I think Barclaycard should pay Ms K compensation of £100 and reimburse her call costs. I realise Ms K doesn't think this is enough. But I don't think the circumstances justify a higher award, particularly in light of the steps Barclaycard has already taken.

My final decision

For the reasons above, I uphold this complaint. If it hasn't already done so, Barclays Bank UK PLC trading as Barclaycard should:

- pay Ms K compensation of £100, and
- reimburse the costs of Ms K's calls to Barclaycard about the Direct Debit, upon receipt of satisfactory proof of these.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 23 March 2022.

Katy Kidd
Ombudsman