

## **The complaint**

Mrs Y complained to Barclays Bank UK PLC about problems she experienced applying for a payment holiday on her credit card accounts and their refusal to provide this for one of her accounts.

## **What happened**

Mrs Y is assisted in bringing her complaint by a third party. For ease of reference, I shall refer to any comments or evidence as being provided by Mrs Y.

Mrs Y holds two credit card accounts with Barclays.

Her household income had been reduced due to the impact of the global pandemic. So, Mrs Y called Barclays in April 2020 to apply for a payment holiday. She said Barclays told her to apply either online or using their Barclaycard smart device application. Mrs Y said she was unable to complete an application this way. So, she called Barclays again on a number of occasions from May 2020. She said each time, her call was on hold for long periods and often she was cut off.

Due to her financial situation, Mrs Y cancelled the direct debit payment to one of her accounts in June 2020 and continued trying to contact Barclays. She eventually spoke to them in August 2020. They agreed to raise a complaint about her experience. Mrs Y believes Barclays agreed to place her accounts on hold while this was investigated, with no further direct debit payments claimed until her complaint was resolved.

In September, her remaining active direct debit payment was claimed as normal. Barclays responded to Mrs Y's complaint in a letter at the end of September. They apologised for any problems Mrs Y experienced and said that any call issues were likely as a direct result of the impact of the global pandemic. Barclays thought this was not within their control.

Barclays went on to say that Mrs Y could still apply for a payment holiday, but this needed to be before the end of October 2020. So, Mrs Y called them, and an application was completed and agreed for one of her accounts, but not the other. That account was passed to Barclays Specialist Support Team to manage.

Mrs Y was unhappy with Barclays response to her complaint. She didn't think Barclays had treated her fairly and should've agreed payment holidays on both accounts sooner. She thought Barclays should refund the interest and fees on both her accounts from April 2020 and pay compensation of £500. She also thought Barclays should remove any missed payments reported on her credit file. She decided to refer matters to this service.

One of our adjudicator's looked into Mrs Y's complaint. She didn't think Barclays had acted fairly in the way they'd supported Mrs Y. Our adjudicator thought Barclays should've responded to Mrs Y's payment holiday request as soon as she complained in August 2020. She also thought Barclays could've been clearer about their reasons for handling Mrs Y's two accounts differently. Our adjudicator thought Barclays should pay compensation to Mrs Y of £100 for the unnecessary distress and inconvenience caused by this. But she didn't agree with the levels of compensation sought by Mrs Y.

Barclays accepted our adjudicator's findings and recommendations. But Mrs Y remained unhappy. She thought Barclays should've provided payment holidays on both accounts

when she first tried to apply. Mrs Y has also referenced further problems experienced after her complaint was referred to this service.

As an agreement couldn't be reached, Mrs Y's complaint has been passed to me to consider.

### **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.

At the outset, I want to provide some clarity around the scope of the complaint I'm able to consider and, therefore, the extent of my decision. Mrs Y referred her complaint to this service late in 2020. The basis of that complaint is summarised above. Subsequent events and concerns raised by Mrs Y about Barclays, are subject to separate investigation and response by Barclays. Barclays have asked that this complaint should be considered separately by this service to mirror their own investigations and responses.

The Financial Conduct Authority (FCA) issued guidance to lenders in April 2020 which explained what they expected from businesses during the exceptional circumstances arising out of the global pandemic. They provided guidance asking businesses to consider payment deferrals of up to three months under regulated credit agreements.

The FCA said their guidance applied where consumers were already experiencing or reasonably expect to experience temporary payment difficulties as a result of the pandemic. The FCA also said that *"firms should ensure that there is no negative impact on the consumer's credit file because of the payment deferral"*.

Further guidance was issued by the FCA in July 2020. This extended these measures, and where consumers were still struggling due to the global pandemic, businesses were advised to freeze or reduce their payments for a further three months.

Mrs Y said she first contacted Barclays in April 2020. Barclays have no record of this, or that any payment deferral application was completed. I've reviewed all their file notes and records and I'm also unable to find any record of an application. So, while I've no reason to doubt Mrs S's recollections, it appears clear that an application wasn't completed.

Mrs Y has two credit card accounts. I'll refer to these as account A and account B. Mrs Y continued to make the required monthly repayments to account A by direct debit. But, due to her financial circumstances, she cancelled the direct debit to account B in June 2020.

Mrs B eventually spoke to Barclays in August 2020 when her complaint was raised. Barclays notes confirm this. So, while I appreciate that Barclays wanted to investigate matters, I think they should've considered Mrs Y payment deferral applications at that point. Instead, Barclays didn't process applications until October 2020.

Barclays did agree a three-month payment deferral on account A from October to December 2020. I understand this was later extended by a further three months to March 2021. So, I think Barclays met their obligations under the FCA's guidance. But they declined a payment deferral on account B. This was because arrears already existed on this account due to Mrs Y's cancellation of the payment direct debit. She hadn't made any payments since May 2020. The FCA's guidance stresses that a payment deferral shouldn't be used where there are existing arrears. Here, their existing forbearance rules and guidance should be applied. Barclays assessed and agreed a reduced payment plan for account B. This appears to meet with the forbearance rules set by the FCA.

While I accept that Barclays may have been able to act sooner on Mrs Y's request, until a payment deferral has been agreed and communicated, Mrs Y would still be required to make her contractual payments. Unfortunately, cancelling her direct debit meant she wasn't eligible for a payment deferral on account B as this account was already in arrears.

I realise Mrs Y will be disappointed, but in the absence of any other evidence, I can't support her assertion that Barclays should back date a payment deferral to April 2020. But they have since agreed the maximum term of support under the FCA's guidance in respect of account A. So, whilst delayed, Mrs Y has benefitted from this.

Since referring her complaint to this service, Barclays have contacted Mrs Y regarding account B. As a gesture of goodwill, they've retrospectively applied a payment deferral to this account between July and September 2020. They've also refunded all interest charged during that period and removed any late payments reported on her credit file.

Mrs Y had previously told Barclays that her situation was likely to continue for six months or more. This meant they wouldn't have been in a position to extend the deferral on account B for a further three months. This is because the FCA's guidance suggests deferrals should only be agreed for temporary payment problems. This is generally considered to be where any problems are expected to have been resolved within the term of the payment deferral. This wouldn't have been the case here.

Mrs Y wants Barclays to refund all interest and charges since April 2020. Under the FCA's payment deferral guidance, Barclays aren't required to stop charging interest. So, I can't reasonably ask them to do that here.

Mrs Y also said that when she raised her complaint in August 2020, Barclays agreed to place her accounts on hold while they investigated her complaint. Having looked at all of Barclays file notes, I can find no evidence to support this.

Our adjudicator thought Barclays should pay Mrs Y £100 to reflect the distress and inconvenience caused by Barclays delay in addressing her needs in August 2020. I think this amount feels fair in the circumstances here and reflects the fact Barclays didn't address Mrs Y's payment deferral request promptly at that time.

### **My final decision**

For the reasons set out above, I uphold Mrs Y's complaint.

I require Barclays Bank UK PLC to pay compensation of £100 to Mrs Y.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Y to accept or reject my decision before 26 May 2022.

Dave Morgan  
**Ombudsman**