

The complaint

Miss A is unhappy that Barclays Bank UK PLC trading as Barclaycard won't remove a default recorded on her credit file.

What happened

Miss A couldn't meet the repayments on her credit card account because she was suffering from a medical condition which involved periods of hospitalisation and aftercare. She says she understood that she had reached an agreement with Barclaycard whereby her account would be placed on hold until she was well enough to recommence payments. But when she called to make a payment, she found her account had been defaulted.

Miss A subsequently repaid the outstanding balance. But as a default had been registered on her credit file Miss A complained to Barclaycard and asked for the default to be removed. She said she hadn't received the default notice as she had moved in with her parents between hospital stays.

Barclaycard responded to Miss A's complaint. But it didn't think it had done anything wrong. It said Miss A's account had been managed by its specialised services team (SST) since September 2018 – when it first became aware of her health problems, until the balance had been repaid and the account closed. And that Miss A had been provided with appropriate support during this time.

But it added that Miss A had not told it that she wasn't living at her usual address. So, letters advising her of the position of her account – including a default notice, had been sent to the address it held on file. And as Miss A didn't settle the account in line with the default notice the account was defaulted in May 2019 and the information recorded on her credit file.

Miss A was unhappy with Barclaycard's response and she asked our service to look into her complaint. She said Barclaycard hadn't taken into account that she was vulnerable and that it should have looked at her medical records before taking the action it did. Our investigator asked Miss A to provide her medical records so that Barclaycard could consider her complaint further. But Barclaycard didn't change its position. And, ultimately, the investigator didn't uphold the complaint.

The investigator was satisfied that Barclaycard had written to Miss A - at the address it held for her, to make her aware of the action it was taking. She pointed out that Barclaycard had issued a previous default notice to Miss A – at the same address, and that Miss A had taken the required action to stop the default from being registered.

She said that it wasn't in dispute that Miss A had missed her contractual payments or that she hadn't told Barclaycard that she wasn't living at her normal address. So, she didn't think Barclaycard had done anything wrong. And she didn't ask Barclaycard to remove the default.

Miss A didn't agree so I've been asked to make a final 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.

I'm sorry to hear of Miss A's experience over the past few years with her health and her personal situation. And I understand that having a default on her credit file will impact on her ability to obtain further credit in the future. But while I sympathise with Miss A's situation, for me to uphold this complaint, I would need to be satisfied that Barclaycard has done something wrong or acted unfairly in the actions it took. But I don't think it did. I'll explain why.

When an account is in arrears, a lender can register a default, even if an arrangement to pay or some other temporary arrangement has been agreed. The Consumer Credit Act 1974 says that a lender must issue a notice of default setting out what the consumer needs to do to bring the account back up to date and tell the customer the date by which this needs to happen.

In this case, the arrears accrued because Miss A didn't make the contractual payments. Miss A says that she believed her account was on hold due to her medical condition. So, I've looked at the notes the SST recorded on Miss A's account (while it was under its control) and her account statements.

And I can see that in February 2018 Barclaycard initially agreed a 30 day hold on Miss A's account (this included a suspension of interest and charges). And it refunded £24 in charges which had been incurred following non-payment of her previous minimum contractual repayment. And I can see that from 2018 until the account was repaid in full, a number of temporary holds were put in place. But I've not seen anything that would make me think Barclaycard had agreed to suspend/put a hold on Miss A's account indefinitely.

I can see that during this period a default notice was issued in August 2018 and that Miss A was able to clear the arrears at this time to prevent the default from happening. As a default was issued at this time, I think Miss A was aware that Barclaycard hadn't agreed to suspend her account indefinitely.

After further temporary holds were put in place, another default notice was issued in April 2019. By this time Miss A's account was several month's in arrears. I've looked at the system notes and letters that Barclaycard sent to Miss A about her account. Based on what I've seen, I'm satisfied that Barclaycard took reasonable steps to advise Miss A that her account was in arrears, and what she needed to do to bring the accounts up to date.

I appreciate Miss A's situation was difficult and other things were likely to have been a priority at that time, but I can't reasonably conclude Barclaycard made a mistake regarding this issue. Barclaycard is required to send certain letters and that the only address it had for her was the one on file. I don't think Barclaycard can be held responsible if it hadn't been notified of a change of address.

While I appreciate that Miss A feels the default is unfair, from what she's said I don't think she was in a position to agree to a regular arrangement to pay and her financial difficulties don't appear to have been short term either. So, I'm satisfied that Barclaycard acted in line with the terms and conditions of the account when it did this. I'm also satisfied that it acted in line with relevant legislation.

Miss A has said that she thinks that Barclaycard should've treated her as a vulnerable customer and taken her medical records into account. But I think Barclaycard did treat her as a vulnerable customer. It provided breathing space to her while she was ill on several occasions. And while I understand Miss A has been through a difficult time, I don't think this means that Barclaycard acted unfairly in defaulting her account. A default means that charges and interest are suspended indefinitely ensuring that the outstanding debt doesn't increase because of non-payment.

As the investigator has mentioned, Miss A can contact the credit reference agencies to ask for a 'notice of correction' to be added to the record of the default. This is an opportunity to record the personal circumstances she faced leading up to the default. And other lenders may take this into consideration. Further information about a notice of correction can be found here:

<https://www.experian.co.uk/consumer/guides/notice-of-correction.html>

<https://help.equifax.co.uk/EquifaxOnlineHelp/s/article/How-can-a-Notice-of-Correction-help-me-manage-my-finances>

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 17 May 2022.

Sandra Greene
Ombudsman