

The complaint

Mr A complains that Barclays Bank UK PLC trading as Barclaycard failed to apply a payment holiday to one of his credit cards.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

Mr A had three credit cards with Barclaycard (Card 1, Card 2 and Card 3). Mr A has explained he was trapped abroad for several months due to the pandemic. In March 2020 Mr A says he applied for payment holidays on all three of his cards with Barclaycard. Payment holidays were approved for Cards 1 and 2 but not for Card 3. Barclaycard says Mr A only applied for payment holidays for Cards 1 and 2.

On Mr A's return to the UK in August 2020 he contacted Barclaycard and made a payment of around £1,200 to clear the arrears on Card 3. Barclaycard says that due to the arrears on Card 3 it took the decision to close the account so didn't send Mr A a replacement credit card when the existing one expired. Barclays also says it took the decision to suspend all new spending on Cards 1 and 2 as well.

Mr A has explained the failure to apply a payment holiday to Card 3 has had serious consequences and impacted his credit score to the point other businesses have reduced lending levels.

Mr A complained but Barclaycard didn't agree it had made an error as he'd only applied for a payment holiday for Cards 1 and 2. Mr A referred his complaint to this service and it was upheld by an investigator. Barclaycard agreed to reinstate Card 3 and remove the blocks on Cards 1 and 2. Barclaycard also agreed to pay Mr A £100 for the distress and inconvenience caused and remove adverse information from his credit file. Mr A accepted.

A short time later, Barclaycard got in touch to say it couldn't put the agreed settlement in place. Barclaycard has explained systems limitations mean it can't reopen Card 3. And Barclaycard has confirmed it can't remove the suspension from Cards 1 and 2 either. Barclaycard offered Mr A a further £250, taking the total award to £350, to resolve his complaint. Mr A asked to appeal and said he didn't agree the settlement offered was fair.

What I've provisionally 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.

Things have moved on since Barclaycard and Mr A accepted the investigator's view of how to resolve this complaint. I've independently reviewed what happened. Barclaycard says Mr A only applied for a payment holiday on Cards 1 and 2. But I think it's very unlikely Mr A would only apply for two out of three payment holidays. And I think the investigator made a reasonable point when they said Barclaycard was aware Mr A had three credit cards. On that basis, it should've reviewed his situation as a whole and applied the payment holiday to all three credit cards. Barclaycard has accepted the investigator's view that Mr A's complaint should be upheld.

I thought the investigator's initial recommendation that all three credit cards be reactivated was a fair way to return Mr A to the position he should be in. Barclaycard agreed to amend Mr A's credit file and remove the adverse credit recorded. But Barclaycard has since confirmed that systems limitations mean it can't now put Mr A back into the position he ought to be in. So we need to think about how to fairly resolve Mr A's case.

Barclaycard offered a further £250 to apologise. But I'm not persuaded that's a fair level of compensation taking into account what happened. In my view, Barclaycard's offer fails to fairly reflect the impact of the situation on Mr A who's confirmed other lending offered by different businesses has been affected by the impact of the arrears on his credit file. In addition, Mr A has now lost the use of three credit cards despite having a strong payment record and applying for payment holidays whilst he was unable to return to the UK. I also think it's fair to say Mr A has experienced a reasonable level of distress by this matter which has been ongoing at an already difficult time.

In response to the investigator, Mr A said he'd had to repay interest and arrears to Barclaycard on Card 3. But I think it's fair to note that whilst Mr A didn't have to make payments to Cards 1 and 2 during this period, interest continued to accrue and be applied to the outstanding balance. So whilst Mr A did make a substantial payment in August 2020 to clear arrears, he would always have had to cover the interest during the period in question. Although I've taken into account that making a substantial payment of this nature will've caused Mr A some difficulties.

Taking everything I've seen into account, I don't think the existing offer of £350 goes far enough. I'm sorry to disappoint Mr A but I can't force Barclaycard to reopen Card 3 and reactivate new spending on Cards 1 and 2 due to the systems limitations it's told us about. But I intend to increase the compensation to take into account the level of inconvenience this has caused, in addition to the other issues raised.

I also think it's important that Barclaycard ensures no adverse information is recorded about Card 3 on Mr A's credit file.

I intend to uphold Mr A's complaint and increase the award for the distress and inconvenience caused from £350 to £700. In my view, that figure more fairly reflects the impact of the issues raised on Mr A and takes into account Barclaycard's systems limits that mean it can't now reinstate his credit cards.

I invited both parties to respond with any additional points they wanted me to consider before I made my final decision. Neither party provided new information.

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.

As neither party has provided new information, I see no reason to change the conclusions I reached in my provisional decision. I still think Mr A's complaint should be upheld for the same reasons.

Putting things right

To resolve Mr A's complaint Barclaycard should put the following settlement in place:

- Amend Mr A's credit file to ensure no adverse information in relation to Card 3 is recorded on his credit file from March 2020 onwards
- Pay Mr A a total of £700 for the distress and inconvenience caused (less any compensation already paid)

My final decision

My decision is that I uphold Mr A's complaint and direct Barclays Bank UK PLC trading as Barclaycard to settle in line with the above guidance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 4 April 2022.

Marco Manente
Ombudsman