

The complaint

Mr W has complained about Barclays Bank UK PLC, saying they should have put him on a payment holiday.

What happened

On 3 April 2020, Mr W called Barclays with several queries, one of which was about deferring his payments.

The adviser explained that payment holidays were not available at the moment, but would be soon on the website. They reiterated there was nothing they could do at the moment to defer Mr W's payments, but he should monitor the website. Mr W was having issues logging into his online banking, so the adviser transferred him to a technical team for help with that. Before the transfer, they reiterated again that Mr W should keep his eyes on the website as there'd soon be a form for him to apply for a payment holiday.

Mr W did not then apply for a payment holiday. His statements showed his account falling into arrears, and Barclays also sent an arrears notice in May 2020. Mr W said that he didn't get the notice, and that he came away from the phone call with the impression that he'd been put on a payment holiday.

In July 2020, Mr W called to report his card as lost, and says this is when he found out about his arrears. He applied for a payment holiday then, but was no longer eligible for one due to the arrears. Barclays placed Mr W's account on hold for two months to give him breathing space. They also waived interest for three months, and then refunded further interest of over £300 as a goodwill gesture.

As the months went on, no further payments were made to Mr W's account. Barclays sent a default notice, but continued to not receive the required payments. So the account defaulted in October 2020.

Mr W brought his complaint to our service. Our investigator looked into things independently and didn't uphold the complaint. Mr W didn't agree, so the complaint was passed to me to decide.

I sent Mr W and Barclays a provisional decision on 3 February 2022, to explain why I didn't think the complaint should be upheld. In that decision, I said:

While I know this will come as a disappointment for Mr W, I do not currently think his complaint should be upheld.

I have listened to a recording of the call involved, and will forward a copy to Mr W. I have also issued a provisional decision, rather than a final decision, to give Mr W time to listen to the call himself and make any further points if he'd like to.

I think Barclays' adviser was clear that payment holidays were not available at the moment, that they would become available in the coming days, and that Mr W would need to apply for one himself online. And they repeated this advice over the course of the call.

I understand that Mr W may have got mixed up, not least given the pandemic situation and given that I understand he'd applied for payment holidays with other firms. But I'm afraid this mix up was not due to any error or lack of clarity on Barclays' end. Barclays did not tell Mr W he was in a payment holiday. They were clear about what he'd need to do to apply for one.

Barclays also did not tell Mr W to withhold his April payment, as he's suggested. The adviser just said they understood if Mr W couldn't make his payment at the moment, and advised him to monitor the website and apply for a payment holiday.

I understand Mr W feels Barclays may have been at fault as they should have had a payment holiday process in place already when he called. But the regulator's temporary measures for the pandemic were not even in place at that point. I think it's reasonable that they told him to wait for the applications to open in the coming days.

I also understand Mr W feels Barclays should have told him earlier that things were wrong. But aside from giving clear advice over the phone, Barclays did issue statements that clearly showed Mr W's arrears, and they texted him to let him know his statements were available. And even if he didn't receive it, I can see that Barclays sent him the notice of arrears as required. I think it's highly unlikely that the notice and all of Mr W's statements went missing. Mr W also said that he had a business meeting with Barclays where they should have mentioned the arrears, but I don't think it would have been appropriate for them to have discussed his personal affairs in a meeting about his business. Him and his business were separate entities. And again, Barclays had already explained things clearly on the phone and then told him about his arrears on multiple statements and on a separate notice.

Mr W argued that Barclays should have put him on a payment holiday from the July, and I do understand why he feels they should have. But I'm afraid he really was not eligible for one, so Barclays' decision doesn't seem unreasonable. More importantly, I need to keep the timeline in mind. I'll explain below.

In July 2020, Mr W already became four payments behind. And while I accept he thought he was on a payment holiday, even if he had been in one it would have ended in the June. Mr W said he had payment holidays with other companies at the time. Those companies would have already told Mr W that the holidays ended in June and that he'd need to contact them during June to either resume payments or apply for a second holiday. But I can't see that Mr W contacted Barclays in the June to renew the payment holiday he thought he had. He only called them in July 2020, and only because he'd lost his card. So even if I were to treat Mr W as if he'd applied for the payment holiday in April 2020, it seems likely he would have still fallen behind once it ran out in the June.

Then in the July, even once Mr W knew for certain that he'd not been in a payment holiday, he didn't make any attempt to address those arrears until the October. And in October 2020, Mr W only offered either an ultimatum – that he'd clear the account only if Barclays removed the negative information from his credit file, which they were by no means required to accept as that information was correct – or £100 a month, which was a fraction of his minimum payment and would have only put the account further into arrears each month, leading to a default.

And then in the following months, Mr W continued not to make any payments at all. This is particularly important. It means that even if I were to tell Barclays to treat Mr W's account as if it had been in a payment holiday not just from April 2020 but from July 2020 too, it would actually leave him worse off now. That's because his payment holidays would have ended in September 2020 at the latest. And Mr W missed so many payments after that that his account would still be classed as having defaulted – it's just the default would be dated six months later. That means the default would be more recent and potentially look worse to lenders now, and it also means it would take six months longer to fall off his credit file than it currently would.

So aside from the fact that this was not Barclays' error, it doesn't seem to make sense for me to tell them to put a retrospective payment holiday in place – it would just push Mr W's default date back and leave him in a worse position now.

Again, I do appreciate where Mr W is coming from. But I have not found Barclays to have done anything substantially wrong here, and I don't think they need to do anything more. Indeed, I think it was good that they gave Mr W some breathing space, waived three months' worth of interest, and refunded over £300 worth of further interest. I realise that will come as little solace to Mr W, but I do need to keep in mind that they were not required to do all that.

Lastly, I understand that Mr W is unhappy with things the debt collection agency has done recently. But this complaint is about Barclays' actions in 2020, so I cannot consider that here. Mr W would need to raise a separate complaint about the debt collection agency.

I said I'd consider anything else anyone wanted to give me – so long as I received it by 3 March 2022. Barclays didn't add anything new. Mr W replied with some further points, which I'll talk about in the section below.

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.

First, I am grateful for Mr W's detailed testimony and arguments, and for being candid and open about his perspective. And I understand that he would like us to continue investigating and to gather additional evidence for him. But I should explain that we are independent, and don't work for either party. We're also an informal alternative to the courts, and won't necessarily go through every argument from each side on a point-by-point basis. Instead, I've focused my decision on what I consider to be the key points, based on what I've found to be the key evidence.

For example, I understand Mr W recalls speaking to Barclays for further time back in April 2020. He's asked me to listen to that, too. But as far as I can see, those were discussions about technical issues with his online banking, not about payment holidays. He discussed payment holidays with Barclays in the call I sent him, and was given clear advice.

I also understand Mr W would like me to listen to his call in July 2020, to show he really believed he was in a payment holiday. But I already accept that he believed he was in a payment holiday. And I appreciate that his mix-up may have been exacerbated by the fact that he'd discussed payment holidays with other businesses, too. The key point is that this was not due to any error or lack of clarity on Barclays' part.

Mr W pointed out that when he first called Barclays, he was having trouble accessing his online banking, which could've made it difficult to then apply for a payment holiday. I do understand why he brought this up. But I'm afraid that's not really relevant in this case. At the point Mr W was having trouble with the online banking, payment holidays hadn't opened for applications yet anyway. Then by the time they were open, Mr W had already mistakenly marked the account as having a payment holiday in his notes, so he didn't ever apply. It would be one thing if Mr W had tried to apply for a payment holiday and was prevented due to technical issues on Barclays' end. But that's not what happened here – the issue is that he never applied.

Mr W also said Barclays never told him about his arrears until July 2020. But per the provisional decision, Barclays set out his arrears clearly in his regular statements, sent him reminders about his statements by text, and sent a separate arrears notice on top in the May. And again, they also gave him clear advice on the phone. Barclays did what they were supposed to do to make Mr W aware of the situation.

Mr W felt his offer of £100 a month was sufficient to avoid the account defaulting. But I'm afraid it was not, even though it was all he could afford. By the point Mr W made that offer, the interest alone was over £100. The minimum payment was significantly more than that still. And in order to avoid a default, Mr W needed to have covered the whole minimum payment *and* paid extra to clear his arrears. So even if he'd paid £100 a month, he still would have faced a default. And the fact remains that Mr W actually then continued not to pay anything at all. So even if Barclays had backdated a full 6-month payment holiday, or even if I told them to do so now, Mr W's account would still be considered to have defaulted – it's just the default would be dated 6 months later, which would leave him worse off now.

Similarly, Mr W felt the default could have been avoided if Barclays had put him on a payment holiday when he'd called in April or July 2020. But as before, payment holidays were simply not available yet when he called in the April, Barclays gave him clear advice about what to do, and the reason he didn't get one is because he didn't apply for one. Then even if Barclays had backdated a payment holiday in the July, and extended it through to the September, the fact remains that Mr W missed so many payments from September 2020 onwards that his account would still be classed as having defaulted. Again, even if I told Barclays to backdate a payment holiday now, Mr W would still have a default, and it would be dated six months later – which would be worse for him.

So having reconsidered the case, I still can't see that Barclays got anything wrong here – indeed, they really went beyond what they needed to do by refunding interest and so on. Ultimately, it wasn't Barclays' fault that Mr W ended up without a payment holiday. And given what happened after, even if I put a backdated payment holiday in place now, it would just push Mr W's default date back by six months and leave him worse off.

So while I know this really won't be the outcome Mr W was hoping for, I've come to the same conclusion as before, for the reasons set out above.

My final decision

I don't uphold this complaint.

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

Adam Charles
Ombudsman