

The complaint

Mr K is unhappy Barclays Bank UK PLC recorded adverse information on his credit file including a default. Unfortunately, he experienced financial difficulties due to the Covid-19 pandemic and now believes Barclays should have done more to help.

What happened

In 2018, Mr K's overdraft was converted into a Resolve Loan as he was experiencing financial difficulties and was struggling to clear it. Mr K then maintained all the contractual monthly loan payments up until February 2020.

In March 2020, Mr K has said he called Barclays to let them know he was struggling due to Covid-19 and they agreed he didn't need to make a payment. Barclays haven't been able to provide a record of this conversation, but they don't dispute it may have happened.

In May 2020, Mr K called Barclays in response to a text message which said he'd missed April's payment. He therefore talked with an adviser and explained his circumstances. He said he ran a business with his wife, and neither of them currently had an income. He also discussed the fact their business was struggling as it related to the travel and theatre industries, but said he was managing to pay his priority bills and his staff wages by using his personal savings. The Barclays' adviser then offered Mr K a two month informal arrangement, during which time he wouldn't be asked to make any payments. Mr K agreed to this and thanked the adviser for their help. He was also encouraged to call back, if he needed any further assistance once the arrangement ended in July 2020.

Following the call, Barclays sent Mr K a letter to confirm what they'd agreed. They also warned him, it was likely he would receive a default notice in September 2020, if his payments hadn't resumed. Mr K denies receiving this letter.

In August 2020, Barclays sent Mr K an arrears notice. This said he'd missed five contractual payments amounting to over £3,000. The letter also said Barclays intended on defaulting the account, if Mr K didn't clear the arrears.

In September 2020, Mr K called Barclays to ask why he hadn't been put on a formal payment holiday when he'd previously requested help. He also said he was upset the agreed two month arrangement had impacted his credit file and said he would have continued to make payments, if he knew this was going to happen. In response, the adviser explained that they didn't offer payment holidays for his type of loan, and said they'd log his concerns as a complaint.

The notes also suggest Mr K explained that his circumstances unfortunately remained the same. So, the adviser suggested he contact a debt advice charity for help, before calling them again to agree a way forward. Mr K also said he intended on making a manual payment to stop the account defaulting. However, based on the account statements he doesn't appear to have done so.

A few days later Barclays sent Mr K a final response. The letter said the implications for

Mr K's credit file were made sufficiently clear to him when it was agreed. And the information they'd shared with the credit reference agencies was an accurate reflection of his payment history. Mr K then escalated his complaint to our service and stopped engaging with Barclays about his account.

In December 2020, Barclays sent Mr K a default notice. This notice explained he would need to clear the arrears balance of £5,780.40 or alternatively contact them to arrange a plan before the notice expired. As Mr K didn't satisfy the terms of this notice, a default was registered in January 2021 and the account was passed to a debt collections agency.

In May 2021, Mr K started making reduced payments. He paid £500 a month instead of the contractual payment which was £671.67. He's said he didn't make payments before this time, as the agency told him to wait until the complaint was resolved.

Our adjudicator upheld Mr K's complaint in part, as she thought Barclays should reasonably have applied a back dated three month payment holiday in May 2020. She said this would have been appropriate as it complied with the Financial Conduct Authority's (FCA) guidance from the time. In which case, no missed payments would have been recorded on Mr K's credit file for the duration of the plan. She also said Barclays should pay Mr K £100 compensation for the upset this issue caused him.

Our adjudicator didn't think Barclays should remove the missed payments they reported to the credit reference agencies after June 2020, or the default they applied in January 2021. As she said Mr K should reasonably have contacted Barclays to request further help, after the agreed two month arrangement had ended. Although, she did acknowledge the fact Barclays didn't reach out to him either and said they reasonably should have done.

In any event, she thought Barclays were still likely to have recorded missed payments and defaulted the account. This was due to the severity of Mr K's financial difficulties and the fact he didn't resume making even partial payments until May 2021.

Barclays accepted our adjudicator's opinion, but Mr K didn't. In summary, he said :

- He didn't think it was fair our adjudicator assumed his account would still have defaulted regardless of any additional help from Barclays. Protecting his credit file was his biggest priority and none of his other creditors recorded adverse information about his accounts, despite the difficult circumstances.
- He wasn't sure why he didn't contact Barclays until September for further help, and he intended on contacting his phone provider to check he didn't. However, assuming Barclays records were correct, he understands why they may have reported missed payments for July and August. But feels his credit file should not reasonably have been impacted beyond that time.
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- He thought he was doing the right thing by not contacting Barclays again or making payments until after his complaint was resolved. However, he started making partial payments in May 2021 due to the amount of time the complaint was taking.
- If Barclays had contacted him after the arrangement ended, he would have agreed a payment holiday with them or a reduced payment plan for up to twelve months. If this wasn't acceptable, he would have made all the contractual

payments using his savings as a last result. He's convinced he would have been able to do this, as he maintained all the payments for his other accounts, where he wasn't offered any help from the finance providers.

- Discussing his account with Barclays in 2020 was very difficult as their telephone waiting times were excessive, and he was sometimes left on hold for several hours. So, this should reasonably be taken into consideration.
- In October 2020, £50,000 was deposited into his Barclays current account. However, Barclays then restricted his account and later closed it. So, he couldn't access his funds.

Our adjudicator considered Mr K's response, but her opinion remained the same. In summary she said, Mr K may have been able to make some contractual payments using his savings, but she didn't think this would have been sustainable in the long term. She also acknowledged his comments that a reduced payment plan may have stopped the account from defaulting. However, as Mr K didn't contact Barclays to arrange this, she didn't think this was enough grounds for removing the default. She didn't respond to Mr K's comments about his current account.

Provisional decision

On 14 February 2022 I issued a provisional decision. I said:

Both sides have accepted a three month back dated payment holiday should reasonably have been added to Mr K's account in May 2020. As this point is no longer in dispute, I won't comment on it any further, other than to say I'm satisfied this would have been an appropriate action for Barclays to have taken, as it complies with the FCA's Covid-19 guidance from the time. I also think £100 compensation is a fair amount to reflect the distress and inconvenience this issue caused Mr K given the overall impact.

Mr K hasn't provided any evidence from his phone provider to show he contacted Barclays between May and September. He's also accepted that without this, it wouldn't be reasonable to ask Barclays to remove the missed payment markers from July and August 2020, as he didn't make any payments during that time and no plan was in place.

So, I'll now consider whether I think Barclays should reasonably remove any adverse information they reported about Mr K's account from September 2020 onwards. I note Mr K's strength of feeling in relation to this matter. I appreciate he's been strongly impacted by the pandemic and has worked hard to try and stay on top of his financial affairs. However, for the reasons I'll now explain, I'm not currently satisfied any further changes to his credit file would be appropriate.

Mr K has said he didn't attempt to make any payments or discuss his account with Barclays after he'd raised his complaint, based on the debt collection agency's advice. However, as Mr K had an obligation to make payments towards his account, I'd reasonably have expected him to have done so, provided he could afford it. I also note that by the time Mr K's account had been passed to the debt collections agency, he'd already been sent the default notice and his account was in considerable arrears. So, I don't think it's likely any guidance he received from the agency, would reasonably have impacted his ability to discharge the default notice. I also appreciate Mr K's comments about how busy Barclays' phone lines were due to the pandemic. But I don't think this means, he didn't reasonably have any way of discussing his account

with them.

I'm satisfied Barclays acted reasonably by sending Mr K a default notice in December 2020. As by that time, no arrangement had been made and the account had fallen into considerable arrears. Guidance from the Information Commissioner's Office is relevant here, as it says a default would normally be registered when an account is between three and six months in arrears. As Mr K's account met this criteria, despite the three month payment holiday, I'm therefore satisfied Barclays acted fairly by proceeding to default the account in the way that they did.

Mr K has said he could have avoided the default by making payments from his savings. He hasn't provided any documentary evidence to support this. However, if Mr K could have afforded to maintain his contractual payments without jeopardising his priority bills, I would reasonably have expected him to have done so. There were also many opportunities for Mr K to have discussed this possibility or carried out this action, before his account defaulted in January 2021.

In any event, I'm not convinced Mr K would reasonably have been able to maintain his contractual payments by using his savings. I say this as he told Barclays he wasn't receiving any income. He also said he had many creditors to pay and he was relying on savings to pay his priority bills. This therefore suggests, Mr K's financial difficulties were unfortunately wide ranging and unlikely to be temporary. I also note that before our adjudicator issued her view, Mr K said he thought he would only have been able to resume making partial payments in July and not the full contractual amounts. When Mr K completed our complaint form in September 2020, he also said:

"At the moment I'm without income (After being a high earner for many years until covid.) I am managing my bills as best I can to make sure priority bills are paid. I can't pay this and meet my priority bills, but the outcome of ruining my credit report will cause other credit line closures and make it even harder to pay."

So, even if Mr K could have made a few contractual payments, I don't think it's likely he would have been able to maintain this, given the size of the monthly payments and his other financial commitments. This is also supported by the fact, Mr K has yet to resume making his full contractual payments as far as I'm aware.

I've also carefully considered Mr K's argument that Barclays should reasonably have agreed a repayment holiday or reduced payment plan after the first arrangement ended. It's difficult to know for certain what would have happened in this scenario because Mr K didn't ask for additional help until September. As mentioned above, it also doesn't appear that Barclays reached out to him.

However, I'm satisfied Barclays acted reasonably by encouraging Mr K to contact a debt charity for financial advice when he called them in September. As based on the contact notes, he told Barclays his situation hadn't improved, he was trying to find a new job and he was still relying on his savings to pay his priority bills. I haven't seen anything which suggests Barclays' should reasonably have thought Mr K could maintain a reduced payment plan or that his savings were significant. So, under the circumstances, encouraging Mr K to get some financial advice is what I'd reasonably have expected them to have done. As a debt charity would have been in a much better position, to help Mr K review his entire financial circumstances, maximise his income and consider his options.

I also wouldn't reasonably have expected Barclays to have explored a reduced payment

plan with Mr K, if they thought (as I suspect they did) making any payments would jeopardise his ability to maintain his priority bills. I'm also unconvinced that a further three month payment holiday would ultimately have stopped the account from defaulting, as it appears Mr K's financial difficulties were unfortunately long lasting.

Finally, Mr K has said he received £50,000 into his Barclays current account in October 2020. However, Barclays then put a restriction on his account, and stopped him from accessing the funds. I won't comment on the reasons Barclays decided to restrict and close Mr K's current account here, as it doesn't form part of this complaint.

However, Barclays have confirmed they restricted Mr K's access to his current account on 29 October 2020 and closed it on 16 November 2020. So, this suggests Mr K should reasonably have been able to access any funds in the account, before the default notice expired in January 2021. I've also reviewed the current account statements for this period, and they don't indicate Mr K received a £50,000 credit into his account as he's suggested.

Barclays didn't reply to the provisional decision. So, I've no reason to think they didn't accept it.

Mr K acknowledged receipt of the decision and said he was going to contact Barclays as he didn't think it was fair. He also said the £50,000 he'd previously mentioned was paid into his business bank account. Our adjudicator therefore said we'd ask Barclays to confirm this information directly. Mr K was also invited to provide any final comments by an extended deadline. However, as we didn't hear from him, the case has now been passed back to me to decide.

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.

Having done so, the overall conclusions I reached in my provisional decision remain the same. I'll now explain why.

Barclays have shown Mr K held an account with them as part of his role as director of a limited company. This company received £50,000 into their bank account on 22 October 2020. On the same day, £21,500 of this money was transferred to Mr K's personal bank account. However, as a lot of money also left Mr K's current account that day, it left him with an account balance of less than £500.

On 29 October 2020, Barclays restricted the business bank account and told Mr K he could only withdraw money from it which related to wages. By mid-November 2020, the account was closed. Once again, I haven't investigated the reasons this account was restricted or closed. But I'm satisfied this issue shouldn't reasonably have impacted Mr K's ability to stop his loan defaulting. As based on the timescales involved, regardless of the account restriction, there was enough time for Mr K to use any appropriate account funds to settle the default notice.

I appreciate this decision will come as a disappointment to Mr K. I know he feels very strongly that the default should be removed. But for the reasons I've explained here and in my provisional decision, I'm satisfied that wouldn't be fair.

Putting things right

To resolve this complaint, Barclays Bank UK Plc should therefore :

- Remove any adverse information they recorded on Mr K's credit file about this loan between April 2020 and June 2020.
- Pay Mr K £100 compensation to reflect the trouble and upset he experienced due to Barclays' decision not to offer him a payment holiday in May 2020.

My final decision

For the reasons I've explained, I partially uphold this complaint and direct Barclays Bank UK Plc to carry out the above – if they haven't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 5 April 2022.

Claire Greene
Ombudsman