

## **The complaint**

Mr S is unhappy that Barclays Bank UK PLC trading as Barclaycard didn't extend his promotional 0% interest rate on his credit card account when it expired.

## **What happened**

The background to this complaint and my initial conclusions were set out in my provisional decisions dated 20 January 2022 and 7 March 2022. As the background details leading up to this complaint are well known to both parties, I will only summarise them here.

Following the outcome of a separate complaint in 2019 – relating to a loan account provided by Barclays, Mr S expected his 0% promotional interest rate on his Barclaycard credit card to be extended indefinitely when it ended in April 2020. As this didn't happen, Mr S complained to Barclaycard.

Barclaycard didn't agree that promotional interest rate should have been extended or interest suspended. But it paid Mr S £75 (in total) for some service-related issues and it refunded interest totalling £204.13 as a gesture of goodwill. Unhappy with the response, Mr S referred his complaint to us. But our investigator didn't uphold his complaint. So, Mr S asked for an ombudsman's decision. The complaint was passed to me and I issued a provisional decision.

I initially thought Mr S' complaint should be upheld in full. I said the complaint response Mr S had received in 2019 said arrangements had been made to extend Mr S' 0% promotional rate when it expired. And this hadn't happened. And, in essence, I asked Barclaycard to put Mr S back in the position he would have been had the promotional rate been extended in April 2020 (including amending his credit file), and pay Mr S a further £125 (£200 total) compensation in recognition of the distress and inconvenience caused.

Mr S accepted my provision decision. Barclaycard agreed to increase the compensation payment. But it said Mr S had been meeting his contractual payments since December 2020 and that the original complaint response had intended Mr S' financial circumstances to be reassessed when his promotional rate ended. It also pointed out that there was no time period stated as to how long interest would be frozen for. After considering Barclaycard's comments, I issued a second provisional decision.

## **What I said in my provisional decision dated 7 March 2022**

In my provisional decision dated 7 March 2022, I explained that having taken Barclaycard's latest comments into consideration, my view on Mr S' complaint had altered. I went on to explain why I thought it should be partially upheld:

*'I'm satisfied that Mr S' credit card statements show that Mr S brought his credit card account up to date in December 2020. While this appears to have been because of a refund received from another account, the statements show that since then Mr S has been able to meet his monthly payments which included the interest due. And the limited screenshots of his credit file that Mr S has been able to provide also show he has maintained his payments to other creditors.*

*This suggests to me that Mr S' financial circumstances had changed to some extent since the original complaint in 2019. So, asking Barclaycard to amend his credit file to show he is in an arrangement to pay – as I previously suggested it should, would be an inaccurate reflection of how Mr S has managed his account and would be detrimental to his credit file. An arrangement to pay is adverse information that would affect Mr S' credit score and could impact on his ability to obtain further credit should he need to do so. So, I don't intend to tell Barclaycard to amend Mr S' credit file in the way I originally suggested.*

*I've gone on to think about whether Barclaycard should have suspended interest when Mr S' promotional interest rate expired. As I've previously said, I can't comment on the outcome of the complaint in 2019 as part of this complaint. But I was satisfied that provision was made for Mr S' credit card interest rate to be reviewed - when the promotional rate expired, due to the financial circumstances he has been experiencing at the time of that complaint.*

*But I've reviewed again Barclaycard's internal records (customer notes that are recorded when contact is made with a customer) and Mr S' credit card statements, in light of Barclaycard's most recent comments. And, on reflection, I agree with Barclaycard that the intention to suspend interest beyond the promotional interest rate period was subject to Barclaycard reassessing Mr S' circumstances when the promotional rate expired. This is because the customer notes recorded in 2019 say 'interest is frozen when the 12 MTh promo interest expires, aware this is not automatic process and review and manual action will be required at the time'. I think this is a reasonable approach given the promotional rate wasn't due to expire until around a year later by which times Mr S' circumstances could have changed.*

*I say this because, when a consumer is experiencing financial difficulty, a lender has an obligation to treat them positively and sympathetically. There are a range of remedies that a lender can apply to meet those obligations – one of which is to suspend interest. But when any remedy is agreed this would generally be subject to regular reviews. Such reviews ensure the arrangement still meets the consumer's circumstances given any changes that may have happened.*

*That said, the follow up letter sent to Mr S in 2019 only said 'this is not an automatic process and you will need to contact Barclaycard when your promotional 0% rate expires'. So, I can understand why Mr S wouldn't have realised that his circumstances would need to be reassessed when the interest rate expired.*

*Mr S' statements show the promotional rate was originally due to end in April 2020 but was temporarily extended. Barclaycard's notes suggest this happened as part of a pandemic relief arrangement that was offered when the Covid-19 pandemic started in early 2020 rather than Mr S contacting Barclaycard to discuss the previous agreement in 2019. The notes also suggest a three-month payment holiday was agreed at this point. But I can see Mr S continued to make his payments during this period. But as this is not part of the complaint, I won't comment on this further.*

*I've seen that Mr S was back in touch with Barclaycard in September 2020 as he did go on to miss some payments from July 2020. Here, the records indicate that Mr S told Barclaycard he still had some financial problems and issues with gambling but that he was up to date with priority bills and would be able to maintain his credit card payments going forward. Although, an income and expenditure breakdown wasn't completed at this point, I'm not persuaded that this conversation should have prompted Barclaycard to offer to waive the interest or offer any alternative remedy at this point.*

*However, I can see that a few months later, Mr S did complete an income and expenditure breakdown with Barclaycard, and this indicated that Mr S' account could be referred to its debt management team. In my experience, this kind of action generally means that a lender would go on to consider a suspension of interest and charges and look to reach an agreement about affordable repayments. And I think this was a reasonable suggestion given the information Mr S had provided and shows Barclaycard's intention to consider Mr S' circumstances positively and sympathetically. But the notes recorded at this point suggest Mr S declined this recommendation and he subsequently made the payment to bring the arrears on his account up to date and that he said he would recommence his monthly payments.*

*It wasn't until February 2021 that Barclaycard's records show Mr S contacted it to discuss the outcome of his original complaint in 2019 and that he subsequently sent in a copy of the letter he received. Here, there was a delay in this matter being looked into. This prompted Barclaycard to pay Mr S £50 compensation for the delay. Ultimately, having looked into the matter Barclaycard paid a further £25 compensation for distress and inconvenience and refunded interest of £204.13 as a gesture of goodwill. But it didn't agree to suspend and further interest.*

*I've thought carefully about all the above and, on reflection, I don't think Barclaycard should suspend interest indefinitely. I haven't seen enough to make me think Mr S contacted Barclaycard when the extended promotional rate came to an end in mid-2020 because of the May 2019 letter. And later when he did contact Barclaycard and an assessment of his circumstances was completed, it seems Mr S declined the offer to transfer his account to debt management which would have most likely resulted in interest and charges being suspended - although this would have been recorded on Mr S' credit file.*

*I've also taken into account that Mr S has been able maintain his monthly payments to both his credit card and other creditors since December 2020. Overall, even if Mr S had contacted Barclaycard about the May 2019 letter earlier than he did, I think it's most likely that Barclaycard would have recommended transferring his account to debt management and that Mr S would have declined this.*

*That said, I don't doubt Mr S has experienced some difficult times prior to May 2019 and in 2020 due to the pandemic. And I think Barclaycard was aware of this too – given the notes it recorded during 2020. So, I think it would be fair if Barclaycard refunded any remaining interest and charges incurred from when the promotional offer expired to when Mr S bought his account up to date in December 2020.*

*I've contacted Barclaycard in this respect, and it has provided evidence to show that the interest and charges incurred for this period total £237.34. As mentioned above, Barclaycard has already refunded £204.13, so this leaves an outstanding amount of £33.21. Barclaycard has agreed to refund this sum to Mr S.*

*Barclaycard has also agreed to a further compensation payment of £125 – making a total of £200 overall. I think this fairly represents any confusion caused by the letter in May 2019 and the distress and inconvenienced caused Mr S experienced as a result.*

*I've thought about whether Barclaycard should remove the adverse data it recorded on Mr S' credit file because of the missed payments from July 2020 to December 2020. However, the information recorded is an accurate reflection of how the account was managed at this time, so I don't think Barclaycard should remove that information now.*

*Of course, it's possible that Mr S' circumstances have again changed or may change again in the future. In those circumstances, Mr S should contact Barclaycard to see how it can help him at that time'.*

I invited both parties to send any additional comments or evidence they had before reaching a final decision.

Mr S responded to say he still believed 0% interest should be applied on his outstanding credit card balance until he'd paid off the amount in full. And he referred to the final response letter he received in May 2019.

Barclaycard responded to say it didn't have anything further to add. But it had previously informally agreed to the redress outlined above.

### **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.

But having done so, I don't intend to depart from my findings in my provisional dated 7 March 2022. I know Mr S will be disappointed as he expected not to incur interest on his outstanding credit card balance. So, I'll explain why.

Mr S has referred to the letter he received in May 2019. As mentioned above, I accept this letter wasn't as clear as it should have been about what would happen when the promotional rate ended – in the sense that, his circumstances needed to be reassessed at that time. So, I can understand why he believes this meant his 0% promotional rate would be automatically extended.

But as I also explained above, in light of further comments from Barclaycard and the internal customer notes Barclaycard recorded in 2019 when this letter was sent to Mr S, I'm persuaded the intention to suspend interest beyond the promotional interest rate period was subject to Barclaycard reassessing Mr S' circumstances when the promotional rate expired.

I do acknowledge that Barclaycard may not have assessed Mr S' circumstances in April 2020 (when then 0% promotional rate expired) as the original complaint response intended. But I think Mr S should have been reasonably aware that he needed to contact Barclaycard at this point. While I can see Mr S did contact Barclaycard around this time, this appears to have been in relation to seeking help due to the Covid-19 pandemic rather than because of the outcome of the original complaint.

But Mr S' financial circumstances were discussed in detail in September and December 2020. And, ultimately, an income and expenditure was completed. But it seems Mr S declined the solution offered by Barclaycard at that time which would have most likely meant any interest and charges would be suspended. Rather, Mr S told Barclaycard that he was up to date with his bills and that he could start paying his contractual payments. And Mr S has maintained these payments since December 2020.

So, by the time Mr S contacted Barclaycard about the May 2019 letter – in February 2021, Mr S had already brought his account up to date and had been meeting his contractual payments (including the interest that was due). This suggests Mr S' circumstances had improved. So, I don't think Barclaycard is now required to refund any interest charged since December 2020 or apply an interest freeze going forward because of May 2019 complaint response.

### **Putting things right**

It's clear Mr S has experienced some difficult times earlier in 2020. So, I think it would be fair if Barclaycard refunded any remaining interest and charges incurred from when the promotional interest rate offer expired to when Mr S bought his account up to date in December 2020.

As I've previously explained, I have already contacted Barclaycard in this respect, and it has provided evidence to show that the interest and charges incurred for this period total £237.34. Barclaycard has already refunded £204.13, so this leaves an outstanding amount of £33.21. Barclaycard has agreed to refund this sum to Mr S.

Barclaycard has also agreed to a further compensation payment of £125 – making a total of £200 overall. I think this fairly represents any confusion caused by the letter in May 2019 and the distress and inconvenience caused to Mr S experienced as a result.

### **My final decision**

For the reasons I've given above, and in my provisional decision dated 7 March 2022, I uphold Mr S' complaint in part.

Barclays Bank UK PLC trading as Barclaycard should now:

- Refund to Mr S any interest and charges incurred from July 2020 to December 2020 less £204.13 already refunded. This amounts to £33.21.
- Pay Mr S an additional £125 (£200 total) in respect of the distress and inconvenience caused to him.
- Reassess Mr S' financial circumstances should he contact it about any further financial difficulties.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 April 2022.

Sandra Greene  
**Ombudsman**