

The complaint

Mr W complains Barclays Bank UK PLC (trading as Barclaycard) incorrectly recorded a default against his credit card account and gave him poor customer service, which caused him distress, inconvenience and financial loss.

What happened

Mr W had two Barclaycard credit card accounts, ending in 2008 and 9002. In January 2020, account 9002 was used for a small single transaction which left an outstanding balance. Barclaycard sent Mr W letters about this but didn't receive any payment. In September 2020 Barclaycard recorded a default for account 9002, and later passed it to a debt collection agency.

Mr W and his partner had a mortgage with Barclays. In May 2021 they applied to Barclays to port their mortgage and wanted to borrow additional mortgage funds, for a property purchase. Barclays declined the application and Mr W says he discovered the Barclaycard default.

Mr W said he called Barclaycard on 1 June 2021 to complain and have the default put right. He said Barclaycard wrongly defaulted account 9002, as the January 2020 transaction was fraudulent and Barclaycard sent the default letters to his old address. Mr W said he'd then had to repeat the issue to different people at Barclaycard and hadn't been called back as promised. Mr W said Barclaycard's errors meant he and his partner had to arrange a mortgage with another lender, so they'd repaid their Barclays mortgage and it charged them an early repayment charge (ERC).

On 25 June 2021 Barclaycard gave its final complaint response about the default. It said Mr W had updated his address on account 2008 but not 9002. But it accepted the January 2020 transaction was fraudulent, and agreed to remove the default from Mr W's credit record. It also accepted it hadn't logged Mr W's complaint when it should have, and had unnecessarily passed him between its branch and customer services. It offered Mr W £50 compensation for this, but said he'd need to contact Barclays if he wanted to discuss the ERC.

Unhappy, Mr W came to our Service in July 2021. He explained he and his partner had been pressured for their mortgage offer and were worried their property purchase was at risk, and didn't think Barclaycard would correct the default before stamp duty relief ended on 30 September 2021. So they'd needed to arrange a mortgage with another lender which led to Barclays charging them an ERC.

In October 2021 Barclaycard told us it hadn't removed the default as it should have but would remove it now. It confirmed it had offered Mr W £50 compensation for its poor customer service.

Our Investigator said it was for Mr W to update his address on all his Barclaycard accounts, but given the seriousness of a default, Barclaycard could have seen his address was updated on account 2008 and contacted him using those details, or using the email or phone

number it held for him. If it had, Mr W would have said the transaction was fraudulent and account 9002 wouldn't have been defaulted. She said Barclaycard removed the default months later than it should have. Overall, our Investigator thought Barclaycard should pay Mr W a total of £400 compensation for the unnecessary distress and inconvenience it caused him. But she said Mr W and his partner had chosen to go with another mortgage lender, so Barclaycard wasn't responsible for the ERC Mr W and his partner were charged.

Mr W didn't think this was enough compensation, and said the £50 Barclaycard had offered was a refund of the fraudulent transaction amount, which he'd paid to clear the account balance. He said they'd never wanted to change mortgage lender, but Barclaycard's errors forced them to. He thought it should reimburse the ERC. Mr W said if they'd waited for Barclaycard to correct the default they'd have lost the property they wanted, and he'd spent a lot of time and effort calling Barclaycard, which was why it sent its final complaint response as soon as it did.

As agreement couldn't be reached, this complaint was passed to me for a decision.

At my request, Barclaycard provided further information including why its systems hadn't identified the fraudulent transaction, what contact information it held for Mr W, and how it had contacted him regarding the outstanding balance and default.

On 11 March 2022 I issued my provisional decision, in which I said as follows:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In this decision, I'm considering Mr W's complaint about Barclaycard recording a default. I'm not considering whether the ERC has been fairly charged, because that was addressed by our Service in a separate complaint.

Barclaycard accepts the January 2020 transaction was fraudulent and has explained to me why its systems didn't pick this up. This information is commercially sensitive, so I won't set it out here. But I've considered what Barclaycard has said and I accept it as a reasonable explanation for why it didn't identify this fraudulent transaction to start with.

The terms and conditions of Mr W's Barclaycard account say he's responsible for updating his account contact details. Barclaycard says its records suggest Mr W updated his address for account 2008 on 22 May 2020, and accounts 2008 and 9002 aren't linked on its system so account 9002 wasn't also updated. Barclaycard says the time passed means it now holds limited information about this. But it's reasonable for Mr W to think that when he told Barclaycard his address had changed, it would update all his Barclaycard accounts. And I've not seen any evidence to suggest he was told only account 2008 would be updated.

Barclaycard has provided copies of letters it posted to Mr W. On 6 August 2020 it said he needed to pay the balance of account 9002. On 7 August 2020 it sent a notice of default. On 20 August 2020 it said he needed to pay the balance of account 9002. On 29 September 2020 it said account 9002 had been defaulted and passed to its recoveries team. These letters were sent to the address Barclaycard held for Mr W on account 9002, but this was Mr W's old address and he says he didn't receive these letters. It's important to note that the regulations say notice of default and default letters must be sent by post. Barclaycard says it only sent them by post, not by email as well.

However, I think Barclaycard's records show Mr W ought reasonably to have been aware there was a problem with account 9002, before the mortgage application in 2021. That's because Barclaycard emailed Mr W on 10 and 22 September 2020. And while it can't

provide copies of the emails, its records suggest they were about late payments on account 9002. In addition, account 9002 was set up for electronic statements and the statements showed the account was in arrears. And a contact note dated 9 November 2020 said Mr W had recently contacted the debt collection agency about this outstanding payment. So I think Mr W ought reasonably to have been aware there was an outstanding balance on account 9002 before it was defaulted, and that he had an opportunity to put the default right several months before his 2021 mortgage application. Taking everything into account, I intend to say I'm satisfied Barclaycard made reasonable efforts to contact Mr W about the outstanding balance, and was entitled to record a default based on what it knew at the time.

Mr W says Barclaycard should have responded to his complaint sooner, and he needed to chase it because his property purchase was at risk. Barclaycard itself accepts it gave Mr W poor customer service by not logging his complaint when it should have and passing him around unnecessarily. However, it still provided its final complaint response within the eight weeks it's allowed under the rules set out by the Financial Conduct Authority. And it offered Mr W £50 compensation for its poor customer service. Mr W says this was only a refund of what he'd paid to clear the account balance. But Barclaycard's records show it offered Mr W a £50.37 refund for the account balance, so I'm currently satisfied the £50 Barclaycard offered Mr W for poor customer service is separate to this.

Barclaycard also accepts it didn't properly arrange removal of the default when it should have in June 2021. Instead, it arranged this in October 2021, four months later. Mr W says this means he and his partner were definitely right to go to another mortgage lender as they'd have lost their property purchase otherwise, so Barclaycard should pay the ERC they incurred.

I've not seen that Mr W had imminent exchange or completion deadlines in June 2021. Instead the deadline Mr W says he was concerned about was one in September 2021 for stamp duty relief. So, the purchase was still at quite an early stage. I appreciate Mr W and his partner chose to remove some uncertainty and worry by going with another mortgage lender after Barclays declined their application. But they did this in June 2021, before Barclaycard had provided its final response to Mr W's complaint about the default, and before its error in removing the default came to light.

Therefore, I can't fairly say Barclaycard's errors left Mr W with no choice but to go to another lender. And ultimately it wasn't certain that Barclays would have approved their mortgage application even if this default was resolved, especially as they wanted additional borrowing. So I'm not intending to ask Barclaycard to reimburse Mr W for the ERC.

But Barclaycard did make errors here. It accepts it gave Mr W poor customer service after he called about the default. I think having to repeat himself caused Mr W frustration, inconvenience, and worry that the default wasn't being resolved. But this was over a relatively short time, since Barclaycard gave Mr W its final response about three weeks after Mr W contacted it. It then didn't arrange for the default to be removed as it should have, and I think Mr W would have been very frustrated to be told this months later. Taking everything into account, I intend to say a total of £400 is fair compensation for the unnecessary frustration and inconvenience Barclaycard has caused Mr W."

Mr W accepted my provisional decision but didn't provide any further comments or evidence for me to consider. Barclaycard confirmed it had nothing further to add.

I'm now in a position to issue my 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.

Neither Mr W nor Barclaycard have provided me with further comments or evidence to consider, so I see no reason to depart from the conclusions I set out in my provisional decision.

Putting things right

I'm satisfied Barclaycard has caused Mr W unnecessary frustration and inconvenience, and it should pay him a total of £400 compensation for this.

My final decision

For the reasons set out above and in my provisional decision, I uphold this complaint. Barclays Bank UK PLC (trading as Barclaycard) should pay Mr W a total of £400 compensation for the unnecessary frustration and inconvenience it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 20 April 2022.

Ailsa Wiltshire
Ombudsman