

The complaint

Mr S complains that Barclays Bank UK PLC trading as Barclaycard (Barclaycard) affected his credit rating.

What happened

Mr S had three credit cards from Barclaycard. The key facts are shown below:

Card A

Date	Limit
April 2020	£12,000
September 2020	£10,700
June 2021	£10,300

Card A had a payment holiday from April 2020 to June 2020 and from January 2021 to March 2021. Payments were missed in September 2021 and October 2021.

Card B

Date	Limit
April 2020	£12,000
July 2020	£7,450
January 2021	£6,800
August 2021	£6,550

Card B had a payment holiday from April 2020 to June 2020 and from January 2021 to April 2021. Payments were missed in September 2021 and October 2021.

Card C

Date	Limit
April 2020	£12,000

April 2020	£9,250
January 2021	£0

Card C had a payment holiday from April 2020 to June 2020 and from January 2021 to April 2021. Payments were missed in September 2021 and October 2021.

All three accounts were repaid in November 2021.

Mr S complained. His income had been affected firstly by illness, and then by Covid-19. He said his credit file had been marked by Barclaycard while he was on payment holidays. Barclaycard also reduced his credit limits, which was unfair. All of this led to his credit score being lower - which meant he couldn't get any affordable credit. He said that the interest rates on his credit cards were too high. And – he wanted a consolidation loan to pay off the cards, but they wouldn't agree to this. He said that Barclaycard hassled him by calling him at weekends and on bank holidays.

Barclaycard said they'd not reported any missed payments to the credit reference agencies (CRAs) in relation to the payment holidays. They reduced Mr S' credit limits because they didn't want him to borrow more than he could afford – they wanted to ensure the limits were right. They said they'd offered to reduced Mr S' interest rates by 3% - as he was in 'persistent debt'. They said they didn't offer consolidation loans for the purpose of repaying credit card debts. They said they were sorry that Mr S felt hassled by the calls made at weekends and bank holidays – but they operated at these times to try to give a good service to customers.

Mr S brought his complaint to us Our investigator said Barclaycard acted reasonably. He said the balances of Mr S' accounts were all below the new, reduced limits that Barclaycard put in place. The decision to reduce Mr S' limits was a commercial decision for Barclaycard to take. And it was covered in their terms and conditions. He could see that Mr S' credit file hadn't been affected by the payment holidays. But he had missed payments later in 2021 – which had been notified to the CRAs. On the matter of interest rates, Barclaycard had offered a reduction of 3% on card C – in line with their offer to other customers in persistent debt. They offered a 'paydown plan' to help Mr S reduce the debts on his cards. Barclaycard had apologised for the calls they made at weekends and bank holidays – they weren't intended to cause distress.

Mr S didn't agree. He said Barclaycard had affected his credit rating – by advising the payment holidays to CRAs and reducing his credit limits. And he said a paydown plan would be notified to CRAs. He asked that an ombudsman look at his complaint.

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.

There are a number of aspects to Mr S' complaint. He says:

- Barclaycard notified Mr S' payment holidays to the CRAs.
- This, and Barclaycard's reduction in his credit limits led to a reduction in his credit rating and that was unfair.
- The interest rates on the cards was too high – the reduction in rates they offered (as he was in persistent debt) wasn't good enough.

- Barclaycard wouldn't give him a consolidation loan to pay off the cards.
- Barclaycard hassled him by calling at weekends and bank holidays.

Payment holidays: In April 2020, The Financial Conduct Authority (FCA) announced guidance to lenders in response to the effects on customers of the COVID-19 pandemic. All lenders, including Barclaycard, had to put in place 'payment holidays' on many credit agreements, including credit cards – to help customers who were affected. Customers could ask for a total of two payment holidays each of three months – whereby payments could be suspended. Missed payments would not be reported to credit reference agencies, although interest would still be debited to the accounts.

I can see that Mr S had two periods of three months' payment holiday on each of his cards – so he had the maximum of six months' payment holiday. Mr S sent to us his credit file – and I can see that there aren't any missed payment markers for the periods of the payment holidays. So – Barclaycard acted reasonably here and in line with the payment holiday scheme.

But – I noticed that Barclaycard notified missed payments to Mr S' credit file with the CRAs in September 2021 and October 2021. And I can also see from Mr S' credit card statements that he missed payments in those months. And so – Barclaycard correctly notified those to the CRAs. But those markers on Mr S' credit file were not related to the payment holidays which took place in 2020 and earlier in 2021.

Reduction in credit limits: Barclaycard reduced Mr S' credit limits. But this was a commercial decision for them to take, in line with their assessment of Mr S' situation and the conduct of his accounts. We can't interfere with Barclaycard's commercial decisions in this connection – but Mr S did tell us that his income had been badly affected by his illness and then by the pandemic, and so I can see why Barclaycard may have taken the decision they did. And as our investigator said, they can reduce limits if they wish – as it's within their terms and conditions. These say *"We set your credit limit according to your circumstances, your account usage and history, information from other parts of the Barclays group, information we receive from credit reference agencies, and any other information we think is relevant.... We'll tell you what your credit limit is when we first open your account. We'll then review it from time to time. If we change your credit limit, we'll write to let you know. We tell you more about your credit limit in the 'Using your account' section of this agreement."*

I looked at the communications from Barclaycard to Mr S about the limit reductions – and they did clearly advise him what was to happen, and why.

Mr S says that Barclaycard's actions reduced his credit score. I've thought about this. It's clear that the payment holidays couldn't have affected his credit score – as they weren't notified by Barclaycard to the CRAs. We don't know what specific data feeds into a customer's credit score – the CRAs take information from any other lenders that Mr S may have used, plus other wider data. I suspect it may have been possible that the reductions in limits did affect Mr S' credit score – it's not possible for me to be certain about that. But in any case, as it was Barclaycard's decision to reduce Mr S' limits, I can't hold them responsible for any effect on his credit score.

Persistent debt and interest rates: Mr S says the rates on his cards were too high, and the reduction of 3% wasn't enough. He says Barclaycard's actions affected his credit score.

I can see that Barclaycard considered Mr S' accounts to be in 'persistent debt'. The FCA's persistent debt rules are set out on the FCA handbook, CONC 6.7.27. They say (in summary) that firms such as Barclaycard must look at the accounts of borrowers to ensure

they're reducing their debts and therefore, not paying too much interest. And so – where a borrower is paying more in interest and fees than they are paying towards reducing the amount of the debt, then a repayment plan should be put in place to deal with this. And, where this can't be agreed, the card may be suspended – to stop customers from increasing their debts further. The intention of the rules is to ensure that customers are protected from paying too much interest – and in some cases, never actually repaying their debts. This typically happens if customers only pay the minimum amount each month, while still spending on their cards.

In Mr S' case, I can see that Barclaycard considered his accounts to be in 'persistent debt'. They asked him to increase his payments, but when these weren't enough to reduce the debts, they asked him to go onto a 'paydown plan' – with higher payments. I've seen the letters that they sent to Mr S – and they say that such a plan was not notified to the credit reference agencies – as long as payments were made at those levels and on time. I looked at Mr S' credit file – and there is no mention of a paydown plan or payment arrangement on it. So – the plan didn't affect Mr S' credit file. The only entries on it were the missed payments – in September 2021 and October 2021. And – these were factually correct.

Mr S says Barclaycard offered him a reduction in interest rate of 3% on the paydown plan. I can see from the paydown plan offer letter that an interest rate reduction was offered to him. But – I have to say that it's for Barclaycard to set its customers' interest rates based on its commercial and risk appetite. And – we can't interfere with that.

Consolidation loan: we asked Barclaycard about this, and they told us that as a matter of principle, they don't offer those. And I have to say that even if they did and they declined to agree such a loan for Mr S - then again, that's a commercial decision for them to take, which we can't interfere with.

Calls at weekend and bank holidays: I can appreciate that Mr S may have felt pressurised by these. Barclaycard say it's part of how they do business. I can see both sides of this argument. Of course, many customers might well appreciate a call from their bank on 'non-business' days; others (such as Mr S) will not. So – it's not something with we can say is wrong or unreasonable – it seems to me that Barclaycard were trying to give a good service by contacting Mr S in that way – even if he didn't feel like that was the case.

I appreciate that Mr S feels strongly about what happened. He will therefore be disappointed by my decision, but overall, and in the circumstances of Mr S' complaint, I consider Barclaycard acted reasonably - and I'm not going to ask them to do anything here.

(continued)

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 August 2022.

Martin Lord
Ombudsman