

The complaint

Mr B complains about credit limit rises on his credit card account with Barclays Bank UK PLC, trading as Barclaycard. He's also unhappy with the support offered by Barclays when he experienced financial difficulty.

What happened

The background to this complaint is well known to both Mr B and Barclays. I won't repeat in detail what is already known to both parties. In my decision I'll mainly focus on giving the reasons for reaching the outcome I have.

Mr B had a credit card account with Barclays for a number of years. A number of credit limit rises since the account opened. Mr B has said he didn't ask for his credit limit to be increased and didn't receive communication notifying him or detailing how to opt out of limit increases.

Mr B lost his job in February 2020 – just before the start of the COVID-19 pandemic. He notified Barclays and requested a COVID-19 payment deferral. This wasn't approved by Barclays, they told Mr B that his account was already in arrears prior to the beginning of the pandemic.

Mr B complained to Barclays, was unhappy with their response and referred the complaint to our Service for an independent review. Our investigator most recently recommended that the complaint be upheld. Barclays accepted her findings and made a settlement offer. Mr B didn't feel their offer went far enough - so the complaint has been referred to me for a 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.

Although a large number of issues have been raised as part of this complaint, this decision only addresses those issues I consider to be *materially relevant* to this complaint. This isn't meant as a discourtesy to either party – it simply reflects the informal nature of our Service. However, I've given careful consideration to all of the submissions made before arriving at my decision.

Mr B had made repeated references to what Barclays have done for other customers in similar situations. With all due respect to Mr B, I won't know the individual circumstances for those customers. In my decision I'll consider many factors, including: the law, good industry practice, relevant rules and guidance - as well as what's fair and reasonable in the individual circumstances of this complaint.

A number of issues were also raised after the complaint was referred to our Service. These won't be considered as part of this decision. Namely, communication between a third party

debt collection business and Mr B. Should Mr B remain dissatisfied, he'd need to raise a new complaint with Barclays about those issues.

The support offered when Mr B experienced financial difficulties

Mr B was unhappy with Barclays declining his request for a COVID-19 payment deferral in April 2020. I'm satisfied that Barclays followed the guidance set out by the regulator - The Financial Conduct Authority ('The FCA') when implementing the deferrals. The FCA set out in their guidance:

"This guidance applies where customers are already experiencing or reasonably expect to experience temporary payment difficulties as a result of coronavirus."

Mr B was already two months in arrears and in line with the relevant FCA guidance on payment deferrals at that time, it wasn't unreasonable of Barclays to turn down this request and, based on what I've seen, COVID-19 wasn't the primary factor that led to the financial difficulties Mr B was experiencing. He'd lost his main source of income (his job) before the pandemic had begun to properly impact.

Barclays considered an income and expenditure assessment - which was a positive step, as it gave them an up to date picture of Mr B's financial circumstances. This assessment concluded that Mr B had no disposable income. Therefore Barclays couldn't put in place a repayment arrangement plan.

At this point, the options for Mr B were very limited, but it was positive and supportive of Barclays on 26 May 2020 to freeze interest for one month and refund interest charged in the previous two months (£174.50 and £150.57). This also allowed Mr B extra time to find employment. But Mr B was living abroad around this time, not working, shielding from COVID-19, had no disposable income and there was no immediate prospect of his financial situation improving.

Although a very difficult time for Mr B, I don't find that Barclays have done anything wrong in taking the actions they have and offering the support they have. It may not have been the help that Mr B wanted, but it was an attempt to try and help Mr B avoid his financial situation on this account worsening.

Barclays of course had a responsibility to consider what was in Mr B's best interests when offering him appropriate support. I'm satisfied that they have done this. In my opinion, the downturn in Mr B's financial circumstances had been ongoing for some time and there was no reasonable indication that this was due to change in the near future. Therefore, there was no reasonable prospect of Mr B being able to clear his arrears or maintain his minimum contractual repayments moving forward.

As Mr B couldn't maintain his agreed, contractual minimum repayments, a default was later registered against this account in September 2020. I've seen nothing to persuade me that this wasn't fair or reasonable and note that Barclays suspended their collection activities whilst our Service was considering the complaint. Ultimately, Barclays has a responsibility to accurately report a fair picture of Mr B's account to the relevant credit reference agencies.

I don't uphold this complaint for this reason.

The communication around the credit limit rises

Barclays has said at the point of each credit limit rise Mr B was sent communication (including post, emails and text messages) that set out he could opt out of the rises. Mr B

disputes receiving any such notifications. Ultimately our Service can't tell businesses how to communicate with customers. That's their own business decision. We can consider the impact of their communication – which I've done in this decision.

I can't hold Barclays responsible for Mr B not opening post (they say was) sent to him. Mr B has explained he was receiving lots of junk mail and had where he was able to, selected paperless online communications from businesses. That said, the new credit limit will have appeared on his monthly statements and I've seen no supporting evidence he queried this or expressed dissatisfaction prior to February 2020 when his financial difficulties on this particular account started.

I don't uphold this complaint for this reason.

The credit limit rises

It's important to state that Barclays accepted our investigator's findings that they acted irresponsibly when increasing this credit limit from £6,000 to £9,000 in 2019. This means I *don't* need to make a finding on this point and instead, my consideration will be limited to whether the remedy proposed by Barclays is fair and reasonable – and I do. It's important to keep in mind that the debt still stands as Mr B has had the benefit of having that line of credit available to him and statements show he utilised it.

As pointed out already, I'm not considering what approach Barclays have followed, voluntarily with other customers.

Putting things right

Barclays should now (if it hasn't already done so)

- rework the account to ensure that from September 2019 interest is only charged on the first £6,000 outstanding - to reflect the fact that no further credit limit increases should have been provided.
- If an outstanding balance remains once these adjustments have been made, Barclays should contact Mr B to arrange a suitable repayment plan for this and any adverse information related to the credit limit increase should be removed.
- If no outstanding balance remains, any adverse information should be removed from the credit file.
- If the refund brings means there's no remaining balance, any extra should be treated as overpayments and returned to Mr B.
- If applicable, pay interest of 8% simple a year on any overpayments from the date they were made (if they were) to the date of settlement†.

† HM Revenue & Customs requires Barclays to take off tax from this interest. Barclays must give Mr B a certificate showing how much tax it's taken off if he asks for one.

My final decision

I partially uphold this complaint and direct Barclays Bank UK PLC to follow my direction as set out under 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 September 2022.

Daniel O'Shea
Ombudsman