

The complaint

Mr D complained that Barclays Bank UK PLC (“Barclays”) didn’t send persistent debt letters and didn’t provide him with information he requested about his credit card account.

What happened

Mr D had a credit card with Barclays since around 2015. For some years he made the minimum monthly payment due on the account.

Mr D complained to Barclays in March 2022, as he became aware that his balance was greater than £3,000, but he felt he had repaid well in excess of this in the preceding four or five years. He queried whether interest was being applied correctly. Mr D also said he should have received “persistent debt” letters from Barclays and thought these hadn’t been sent. Mr D also complained about not having access to account statements.

Barclays responded and didn’t uphold Mr D’s complaint. It said interest had been applied in line with the terms of the account. However, it said it appreciated Mr D’s frustration as he had been making payments each month but had not seen the balance reduce greatly. As a gesture of goodwill, it stopped interest from being applied for the following three months.

Barclays also said Mr D had made the minimum payment each month and his account was identified as being in persistent debt. It said this was where a consumer had paid more in interest and fees than their principal amount over the preceding 18 months. Barclays said Mr D should have received a letter from it confirming this, which would have advised him of the options available to him.

Mr D remained unhappy and so complained to this Service. Our Investigator didn’t uphold his complaint. Mr D didn’t agree, and so this came to me for a 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.

Mr D was concerned that the balance owed on his credit card account wasn’t decreasing as he thought it should because Barclays wasn’t applying interest correctly, so I’ve considered this. It’s important to say that we don’t offer a service here where we check whether interest has been correctly calculated and applied. However, having looked at account statements for around 3 years – to April 2022 – I can’t see any obvious errors with how interest is being calculated and applied. So I’m satisfied Barclays hasn’t made any errors here.

Mr D told this Service that he hasn’t had, and so hasn’t used, his credit card for some time. He’s concerned that the debt is still quite high when he hasn’t been adding to it over the past few years.

It might well be the case that Mr D doesn’t use his card regularly. But he has an outstanding balance on his account, and until that’s cleared Barclays will continue to charge interest and

take monthly payments. The issue here is that Mr D has been making only the minimum payment and when a credit card account is managed in this way it can take quite some time to clear the balance.

I can see that Barclays has taken steps to inform consumers, in the account terms, that how an account is managed can make a difference to how long it takes to pay off and can add to the amount the consumer ends up paying. The relevant term says:

“if you only make your minimum payment each month it’ll take longer and cost more to pay off your balance. You can always choose to pay more.”

Mr D also thinks Barclays should have sent him persistent debt letters over the last few years.

In 2018 the FCA issued rules for businesses to follow where a consumer is in persistent debt. This is when a consumer has paid more in interest, fees and charges than they have repaid towards the capital they owe over the previous 18 months. In summary, the rules say that if a business assesses that a consumer is in persistent debt, it should write to them at the 18 month stage, the 27 month stage and the 36 month stage. These letters should, amongst other things, explain to consumers that increasing their payments will reduce the cost of their borrowing and pay off the balance sooner. Mr D complained that he should have received these letters but didn’t.

Barclays said it sent these letters to Mr D. It wasn’t able to provide this Service with copies of the actual letters sent, but it provided templates of the persistent debt letters it would usually send. It also provided a copy of its system notes showing that it identified Mr D as being in persistent debt and showing that the necessary persistent debt letters were sent on 3 September 2020, 8 June 2021, 13 July 2021 and 9 March 2022. From what I can see, Barclays had Mr D’s correct address on file, so I think it’s more likely than not it sent these letters.

I appreciate Mr D said he didn’t receive these letters. However, it’s enough that Barclays has shown that these letters were sent. It can’t be held responsible for letters that may have been lost in the post. So I’m satisfied Barclays has done what it needed to do here in relation to sending persistent debt letters.

I can see that Barclays also emailed Mr D on an almost monthly basis between the first and second persistent debt letters being sent out to remind him of the higher payment it recommended in order to avoid remaining in persistent debt. I know that Mr D didn’t receive these as Barclays used an old email address. But it’s for Mr D to update Barclays when his contact details change, so it’s enough that Barclays sent the emails.

Mr D complained about not having access to account statements. However, I understand he’s had access to his account online and this would have included access to statements. Having access to statements means Mr D also had access to account information, such as payments made by him and the amount of interest applied.

I know my decision will disappoint Mr D, but I could only ask Barclays to take further action here if I thought it had made an error or acted unfairly, and I’m satisfied it didn’t.

My final decision

It’s my final decision that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr D to accept or

reject my decision before 10 October 2022.

Martina Ryan
Ombudsman