

The complaint

Mr L is unhappy that Barclays Bank UK PLC, trading as Barclaycard, increased the minimum monthly repayment on his credit card shortly after he'd paid a fee to transfer a balance that would be charged an interest rate of 0% for two years.

What happened

Mr L completed his balance transfer in August 2021. On 7 October 2021 Barclays wrote to him notifying him that on 24 January 2022 the minimum payment on his card was increasing to 3% of outstanding balance, from 2.25%. Mr L says Barclays said this was because of persistent debt but he previously had a nil balance. He says the bank also said if he didn't accept this increase he could close his account and payback the full balance. Mr L believes as Barclays changed the terms of his deal it must refund the balance transfer fee; apologise; and compensate him for the stress and inconvenience caused. He also says this has impacted his credit score as he had to try to apply for a card elsewhere and he wants compensation for this too.

Our investigator did not uphold Mr L's complaint. In summary, she said under terms of the agreement Barclays was allowed to change the minimum payment and it had given the required notice of at least 30 days. The letter template she had seen about the increase did not refer to persistent debt, or demand that the account be closed, and the debt repaid. It explained that if Mr L did not agree with the increase, he could close his account and the existing debt could be repaid on the old terms (so with a 2.25% minimum monthly repayment and at 0% interest on the transferred balance for 2 years). So she did not feel Mr L had suffered any detriment. She found that Mr L's decision to apply for another card was not something Barclays had any involvement in and so it could not be held responsible if this had impacted his credit score.

Unhappy with this assessment Mr L asked for an ombudsman's review. He said he had been invited by Barclays to transfer his balance, he accepted the terms and conditions and went ahead. Six weeks later he was told the minimum payment would increase, on the phone Barclays explained this was because of 'persistent debt'. Whilst he knows he can close the account, the bank will not refund his balance transfer fee of £427 paid six weeks before, for 24 months at 0% interest, so he is not happy. As he sees it, he paid for something for 24 months that was significantly changed six weeks later. This is unfair.

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.

Having done so I am not upholding Mr L's complaint. I'll explain why.

Mr L's main complaint point is that he paid a fee for 24 months of a 0% interest rate on his balance transfer and now wants the fee refunding as Barclays have changed the terms.

Mr L agrees that he paid a fee to secure 24 months of 0% interest on a balance of £14,750.

At that time the minimum monthly repayment was 2.25%. When Barclays told Mr L it was increasing this to 3% it also told him he had the option to close his account and repay the existing balance that he'd transferred staying on a minimum monthly repayment of 2.25%. The 0% interest rate would still apply for a 24-month period. So I can't see there is any reason Barclays should refund the fee. It has not withdrawn the balance transfer offer. Mr L can still repay his transferred debt on the same terms that were in place when he made the transfer. I disagree that the bank is, as Mr L suggests, forcing him to repay the interest-free debt sooner.

The terms of the account (section 11), that Mr L agreed to on application, allow Barclays to make reasonable changes subject to it giving at least 30 days' notice and the chance to opt out. I find this change, and how it was executed, to be in line with this provision.

Mr L told us after the investigator's assessment that 'persistent debt' had been used as justification on a call. He has earlier said that does not reflect his position. But as the letter explained the minimum monthly repayment was increased to help people repay their debts sooner and if applicable pay less interest. It did not set out that Mr L individually had persistent debt. This change was a commercial decision the bank made, and not something we would infer in. That said, I think its rationale would have been in line with the regulator's requirement for banks to lend responsibly and take proactive steps to help people avoid persistent debt.

If Mr L did not want to repay his debt sooner given he was on a 0% interest rate he had the option to maintain the lower repayment rate by closing his account. Whilst I can see Mr L may have been frustrated and inconvenienced if he planned to also use the card for new purchases, but wanted the lower repayment rate, I can't fairly find the bank has done anything wrong.

It follows I am not instructing Barclays to take any further action.

My final decision

I am not upholding Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 21 October 2022.

Rebecca Connelley
Ombudsman