

## **The complaint**

Mr S complains Barclays Bank UK PLC defaulted his loan when it shouldn't have.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them here. Instead, I'll focus on the reasons for my 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.

In late 2018 Mr S took out a loan with Barclays for £5,000. To maintain the loan Mr S needed to pay about £150 a month, for 60 months. In 2019 Mr S, while abroad, suffered a health concern. This left him out of the country and his income was impacted. It also led to two loan repayments being missed. In late 2019 Barclays issued a default notice. I find issuing a default notice at this stage was reasonable as Mr S was behind on his repayments and there was no arrangement in place to get the loan up to date.

In January 2020, before the default notice expired, Mr S contacted Barclays. He explained his situation and said he thought he would be able to get his loan up to date in March 2020. Barclays agreed to accept no repayments temporarily but said a new default notice would be issued if the missed repayments weren't remedied by early May 2020. I find this was fair and reasonable as Barclays considered Mr S' situation, agreed to a short-term concession and explained what would happen if the loan was still in arrears by May 2020.

However, despite what was agreed, Barclays defaulted the loan at the end of January 2020. Barclays accepted it misled Mr S and considered removing the default. It concluded, however, it was more likely than not the loan would have defaulted later in the year, given it didn't appear Mr S could have brought the loan up to date by May 2020 and make his full contractual repayments thereafter. I find Barclays treated Mr S fairly here. I'll explain why.

While I have a great deal of sympathy for what must have been a very difficult time for Mr S, his loan was in arrears. I'm satisfied it was wrong for Barclays to default Mr S' loan in the way when it did. But that doesn't mean a default wasn't inevitable. I asked Mr S what he would (and could) have done to avoid the default if:

- a. Barclays had correctly explained, in January 2020, the need to clear the arrears and restart contractual repayments; or
- b. Barclays had set aside the default notice in January 2020, meaning a new default notice would have been issued in May 2020.

Mr S responded to explain his difficult personal situation. However, he hasn't persuaded me, with compelling testimony and relevant evidence, he would (and could) have avoided a default if Barclays had acted differently. And looking at the wider circumstances I note Mr S had a negative disposable income when his situation was discussed in January 2020 and he

didn't start making payments towards the loan until March 2021 – over a year later. I find it's most likely this loan would have defaulted regardless of Barclays' mistake. And the earlier the default, the earlier its impact diminishes. It follows I'm not requiring Barclays to remove, or change the date of, the default.

As set out above, Barclays did make a mistake in January 2020. But, as also set out above, I don't find it materially changed Mr S' loan position. It would, however, have caused Mr S disappointment and frustration to learn he had been misled. And as noted above, this was an already difficult time for him. Mr S was also later given false hope the default would be removed as part of a complaint resolution. It follows compensation is appropriate. To date Barclays has offered Mr S £275 compensation, in total. I consider this amount fairly and reasonably reflects the impact Barclays' mistake had on Mr S.

### **My final decision**

I uphold this complaint and require Barclays Bank UK PLC to pay Mr S £275, in total, as it has offered.

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.

James Langford  
**Ombudsman**