

The complaint

Mrs F complains that Barclays Bank UK PLC trading as Barclaycard irresponsibly allowed her to open a credit card account which was unaffordable.

What happened

Mrs F says the credit card account she opened in 2012 was unaffordable and was in financial difficulties at the time. She says the account credit limit was increased and would like interest as well as charges refunded.

This complaint was brought to us and our investigator upheld it and thought the account was unaffordable from the start. The investigator recommended interest and charges be refunded and the account reworked putting an affordable repayment plan in place. In summary the investigator also recommended Barclaycard pay interest on any balance outstanding after the refund and remove adverse information.

Barclaycard agreed with investigator's view and says the default has already been removed from Mrs F's credit file due to the passage of time. It says it has calculated the interest and will reduce the account balance by that amount or arrange a refund as well as pay interest if Mrs F has repaid it.

Mrs F doesn't accept that view and says the debt should be written off otherwise she would be back in same position she was previously in.

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 have come to the same overall view as the investigator.

There is no need for me to repeat the investigator's findings in respect of the unaffordable lending part of the complaint as all parties agree the original lending was unaffordable.

The only part of the investigator's findings that Mrs F disagrees with, is about what was recommended Barclaycard do to put matters right. Mrs F would like the debt written off if there is still an outstanding balance.

I hope it will be helpful to Mrs F if I explain the approach we take to complaints of this type when, as here, they are upheld. We try as best as can be achieved to put a complainant back in the position they would have been in were it not for, as in this case, the unaffordable lending. That means that interest and charges should be refunded or deducted from any outstanding balance. We also take the view that a complainant has had the benefit of the lending or the money and so it would normally be unfair for example to order that a debt be simply written off.

I'm satisfied that Mrs F has had the benefit of the credit card account for many years and was able to use the account for her spending. I find it would be unfair and disproportionate to

order Barclaycard to write off the debt or refund it to Mrs F if she has now repaid it.

Putting things right

Barclaycard has agreed to refund the interest and charges which should be deducted from any outstanding account balance. If there is a positive balance owed to Mrs F, then it should pay 8% simple interest per year on any refund. There is no point ordering any default be removed from Mrs F's credit file as that has taken place. If there is an outstanding balance owed by Mrs F, then Barclaycard should agree an affordable repayment plan without interest. If His Majesty's Revenue and Customs requires any interest to be deducted from any refund, then Barclaycard should provide a certificate of such deductions and apply any deductions after any tax is deducted.

My final decision

My final decision is that I uphold this complaint in part and order Barclays Bank UK PLC trading as Barclaycard to carry out the order as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 17 December 2022.

David Singh
Ombudsman