

The complaint

Mrs K complains that Barclays Bank UK PLC asked her to supply additional documents, or it would close her credit card account. She tried to check if Barclays had everything it needed, and it said it would get in touch if it wanted anything more. But then it closed her account.

What happened

Mrs K opened a credit card with Barclays in 2020. Barclays said that in March 2021, it got in touch with Mrs K to ask her to send documents to prove her income. It hadn't been able to verify this automatically.

Mrs K went to a branch of Barclays to get some help with this request. She said that the branch manager told her what was needed, and took copies of her payslips. She said she then repeatedly tried to check with Barclays whether it had received everything it needed, and it told her that it would get back in touch if it needed anything more. But it didn't. Instead, it just closed her account.

Mrs K said she'd taken out this card to build up her credit rating, and she said her credit score would be much better now if this account had remained open. She wanted to stress that she had taken her documents to Barclays, and said the branch scanned these in for her and sent them off.

Mrs K was very upset that, although she'd tried to make sure everything was ok, the account was still closed. She has shown us the efforts she made to resolve this issue, including sending documents to Barclays herself after it responded to her complaint. But none of this made any difference.

Barclays accepts that it had confirmed it had Mrs K's documents, and that it would be back in touch if it needed anything further. But it then closed the account.

Barclays said it had closed Mrs K's account because it had asked for eight consecutive wage slips, but it received only six. It said the members of staff who told Mrs K that her documents had been received weren't the same as the people who made a decision about whether her account could stay open. So the staff members Mrs K spoke to didn't know about the problems with her documents.

Our investigator said it wasn't wrong for Barclays to ask Mrs K for proof of her income. Lenders need to be able to show that they are responsible. Or in other words, Barclays needed to be able to show that it had only lent Mrs K an amount of money she could afford to pay back.

But our investigator didn't think Barclays had provided good customer service for Mrs K. She'd gone into a branch to get help with the request. She was told that her documents were under review and if there were any issues someone would be in touch. But no one did get in touch, and Barclays now says that there isn't a way for the staff Mrs K was able to contact, to actually find out if everything's ok.

Mrs K's account was then closed. Our investigator said Barclays can't re-open a closed account, so she couldn't make it do this for Mrs K. But she said Barclays should pay Mrs K £175 for the upset this issue has caused.

Barclays accepted this, but Mrs K didn't. She wanted her account to be reopened, and she said we were just fobbing her off. Mrs K still said that Barclays shouldn't have to reopen the account, because it should never have been closed in the first place. She felt that what had gone wrong here was racism, and said that if it wasn't, she wanted us to tell her what had happened.

Our investigator asked Barclays whether it would be willing to open a new account for Mrs K. Barclays said that, although it couldn't just reopen Mrs K's account, it could support her through a new application. It hoped that this would be successful for her, and replace her old card with a new one. But if not, then it would remove all trace of the application from her credit file, so she could be confident that she wouldn't be worse off as a result of the application. And it would pay the £175 that our investigator suggested.

Mrs K didn't accept this. She said no one had explained to her why she was treated differently to everyone else. She said Barclays' own staff put together the documents that Barclays asked for, so she knew everything was done correctly. And she said the branch manager had done everything she could to help. But the staff who looked after credit cards weren't willing to help. She still thought that they had just wanted to close her account.

Mrs K wanted her complaint to be considered by an ombudsman, so it was passed to me for a final decision.

My provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

I'd like to start by saying I do think that Barclays has done something wrong here, and I think Mrs K's complaint should be upheld.

Barclays said the problem started because Mrs K didn't supply the right documents. But Mrs K has told us that she received a considerable amount of support to provide this documentation, from the branch. So if Mrs K hadn't taken in all the payslips that Barclays wanted, she should have been told this at the time. And it doesn't look like she was.

Mrs K then tried to check if everything had been accepted by Barclays. Staff repeatedly told her that if there was a problem, then Barclays would come back to her. But it didn't do that. It just closed her account.

Mrs K was concerned that Barclays had always just wanted to close her account, and she said that this treatment might have been because of her race. She said if it wasn't racism, she wanted to know what had gone wrong.

What Mrs K is saying is that she thinks Barclays may have treated her unlawfully, on grounds of her race. But it's not my role here to say whether a business has acted unlawfully or not – that's a matter for the Courts.

What I have to do, is decide what's fair and reasonable in all the circumstances of this case. As part of deciding that, I have to take a number of things into account, including the relevant law as well as what I consider to have been good industry practice at the time. So although it would always be for the Courts to say if Barclays had broken the law

on race discrimination, I do have to take that law into account when I think about what is fair and reasonable in the circumstances of this complaint.

Barclays has shown us that the checks it asked Mrs K to complete are something it asks of anyone whose income can't be verified by a credit reference agency. So I think that these checks would affect a range of people. It would affect people who have recently come to the UK, like Mrs K. But it would also affect those who've only recently started work (young people and those returning to the labour market after a break). And it would also affect people who are self-employed.

So quite a lot of people would be asked to submit extra documentation to prove their income. I don't think that the request Barclays made for Mrs K's wage slips was because of Mrs K's race, and I don't think it was unfair.

I think that Barclays then closed Mrs K's account for two reasons.

The first reason is because it didn't get the documents it asked for – and I've explained that I think this is mostly Barclays' fault. Mrs K asked the branch for help, and she didn't get the help she needed.

The second reason is that Barclays doesn't have any system to ask again, if someone doesn't give it all the documents it wants. And that's poor service, which is also Barclays' fault.

I hope it will reassure Mrs K to know that I haven't seen anything to make me think that Barclays closed her account because of her race. But that's not the only sort of unfairness I have to consider here. And I do think that Barclays did let Mrs K down – it provided her with poor service. So I've got to think about how this has affected Mrs K.

Mrs K has told us that she wanted to use this card account to build up her credit score. She's shown us that she currently has an excellent credit score, close to the maximum possible. Mrs K said she thought this score would have been at the maximum if she'd still had the Barclays card account.

Mrs K was hoping to apply for a mortgage. She also told us that she hasn't been able to go ahead with this, due to an injury which has forced her to take time off work. I understand that Mrs K is now starting to recover from this, and I hope she'll continue to feel better.

I can see that Mrs K already has an extremely good credit score. And it doesn't seem as if the closure of her card with Barclays has prevented her from buying her own home, as those plans have unfortunately been delayed by her recent injury. So I think that, in these circumstances, the proposal that Barclays has put forward to allow Mrs K to apply for a new card could form part of a fair and reasonable outcome to this complaint, because it may well support Mrs K in continuing to build her credit score.

Because Mrs K is currently off work due to her injury, and this will naturally affect her income, I'll ask Barclays to hold this offer of supporting Mrs K through a new card application (and deleting all record of it from her credit file if the application fails) open for Mrs K for six months from the date of my final decision.

I'll also ask Barclays to pay a little more in compensation than our investigator suggested. I can see that Mrs K put considerable effort into making sure that her documents were accepted, and this card could stay open. It was clearly very important to her. And I think that Mrs K has been greatly disappointed by Barclays' actions, and

has found this deeply frustrating as well as very worrying. So I'll ask Barclays to pay Mrs K £250 in compensation, to make up for the distress and inconvenience it has caused Mrs K.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both parties replied.

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.

Barclays said it had considered my suggestions, and it was happy to agree to those. And it said it would also do a little more for Mrs K. I'd said it must remove any credit search from Mrs K's credit file, if her application for a card was not successful. But Barclays said it would act to remove the credit search from her file whether she was successful or not. So only the original credit search, done when she first took out this card, would remain on Mrs K's file.

I agree this is an appropriate step for Barclays to take, and I'll include it in my award below.

Mrs K replied to say she was still very unhappy. She said Barclays had told her, and the manager of her local Barclays branch, that it would let her know if it needed more information, but it just closed the account. She wanted to know why.

Mrs K also said she thought it was strange for Barclays to ask for proof of income, when her salary was paid directly into her account. Mrs K said she had more than enough payslips available to provide what Barclays had wanted. She said Barclays' branch should have known how many payslips she had to send.

Mrs K said she'd taken out this card on a recommendation from her branch manager, to help with her credit score. She was upset that a PLC would treat its customers with complete disregard, and she said she would be taking advice about legal action for racism.

I do understand why Mrs K remains unhappy. I still think it was reasonable for Barclays to ask for proof of income, and I think providing payslips offers reassurances as to the source of income that is being paid into a customer's account. But, as my decision set out, Mrs K has received some very poor service from Barclays. I know she was concerned that this was on the grounds of her race. Although I've sought to reassure her on that point, I realise how disappointing it must be to find that Barclays didn't provide her with the right service in branch (because it didn't send the right payslips). And that, in these circumstances, it just doesn't have any sort of system to put things right again, once they go wrong.

Our service isn't a regulator, and I can't require Barclays to fix its systems, so that no one else faces the same problems as Mrs K in future. And of course, I cannot undo what has already been done. I can only try to provide a fair and reasonable outcome for Mrs K. And I think the outcome I now propose – of a payment of £250 in compensation, plus support to apply for a new credit card account, with the reassurance that this application will not impact on her credit file – does provide that for Mrs K. So I'll now make that decision.

Mrs K has told us she will be seeking advice on pursuing legal action instead. But if Mrs K does accept this decision, then it is binding on both her and the business, and may restrict her ability to take legal action on this issue. So Mrs K may wish to ensure that any advice she takes on future legal action covers the effect on her of accepting the decision and award I propose.

I'll now make my final decision.

My final decision

My final decision is that Barclays Bank UK PLC trading as Barclaycard ("Barclays" hereafter) must, if Mrs K requests this within six months of my final decision, support Mrs K to make a fresh application for a Barclays credit card. Whether or not this application is successful, Barclays must remove all trace of this application from her credit file. And Barclays must pay Mrs K £250 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 15 September 2022.

Esther Absalom-Gough
Ombudsman