

## **The complaint**

Mr H complains that Barclays Bank UK PLC, trading as Barclaycard, did not remove adverse information on his credit file in a timely manner.

## **What happened**

Mr H did not make his minimum monthly payments on his Barclaycard credit card account in late 2019. Barclaycard made an agreement that if Mr H paid £250 in February 2020 and £250 in March 2020, he could avoid a default marker being placed on his credit file. Mr H did this but, unfortunately, did not correctly enter his 16-digit card number as the reference, meaning the payments did not credit his account. As a result, a default marker was placed on his credit file in February 2020.

Mr H was able to evidence that he had attempted to make the payments on time. As a gesture of goodwill, Barclaycard agreed to remove the default marker once it received the £500 payment, which it did in March 2020. It also agreed to remove the late payment markers from August 2019 to January 2020 as a further gesture of goodwill, but did not agree to remove the late payment markers from February and March 2020. It said this was because even if it had received the two payments of £250, the account would still have been in arrears and this would still have been marked on Mr H's credit file.

Mr H then took a payment holiday as he wasn't working due to Covid – this was from April to July 2020. During this time his minimum payments were set to £0. It was later brought to Barclaycard's attention that there were late payment markers on Mr H's credit file for April and May 2020 when there shouldn't have been. Barclaycard said their records show they did not report late payments during this time, but arranged for these to be removed.

Mr H applied for a car loan in October 2020 and was informed there was a default on his credit file. When he contacted Barclaycard about this, they confirmed there was no default recorded. Mr H says that this was incorrect and led to the loan interest rate being higher than expected.

Mr H applied for a mortgage with a third-party provider in January 2021. The default applied in February 2020, which Barclaycard said they would remove in March 2020, was still showing on his credit file. He raised this with Barclaycard who apologised and arranged for this to be removed. They advised it would take 6-8 weeks for the amendment to show on his credit file. Barclaycard paid Mr H £150 to apologise for the delay in this being removed. Mr H says this caused issues for him while applying for mortgages and led to a number being declined. This in turn led to him missing out on a particular property he wanted and caused significant stress and inconvenience to him and his partner. He did not think the £150 offered and paid was enough.

Mr H has since highlighted a late payment marker on his credit file for August 2020 which he thinks should be removed. Barclaycard has agreed this should not be there as the payment due for that month is set to £0 on his credit file. It has said this will be removed, but this has not yet been completed. He also raised that the November 2020 late payment marker showing on his credit file was incorrect, which Barclaycard agreed with and removed. In

addition, Mr H says that he contacted Barclaycard in September 2020 and asked for another payment holiday to be applied to the account for three months. Because of this, he doesn't think late payment markers on his credit file for September and October 2020 are correct.

The complaint was referred to our service and an investigator assessed the information. They agreed that the default was not removed when Barclaycard said it would be, and this was distressing for Mr H. But they didn't think there was enough evidence to say the default was the only reason why Mr H received the interest rate he did on the loan account or why he was declined mortgages at the time. So, they didn't think Barclaycard should cover any losses relating to the loan or mortgages.

The investigator agreed that there had been errors with late payment markers showing on Mr H's credit file when they shouldn't be. But they felt the late payment markers for February, March, September and October 2020 were correct and should remain. When Barclaycard sent their case file to us, they increased the compensation offer by £300, bringing it to a total of £450 for all the errors made. The investigator agreed this amount was fair in the circumstances.

Mr H disagreed with this. He did not agree the February and March 2020 late payment markers should remain and was unhappy that that August 2020 late payment marker had still not been removed from his credit file. He felt the offer of £450 compensation did not reflect the distress and inconvenience the errors had caused him.

As an impartial agreement could not be reached, the complaint has been passed to me for a final 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.

Having done so, I agree with recommendation put forward by Barclaycard of £450 compensation for the distress and inconvenience the errors have caused, and it needs to remove the August 2020 late payment marker from Mr H's credit file. I'll explain my thinking in more detail.

There are a number of aspects to this complaint and a lot has happened. I'll try to keep things simple and will work through the key issues in turn.

#### ***Default marker***

I've firstly considered the default marker that was placed on the credit file and the issues caused by the delay in it being removed. It appears that, technically speaking, the default marker was correctly applied to Mr H's account. I say this because although Mr H did attempt to make the February and March payments on time, due to an error they were not received by Barclaycard. As per the agreement Barclaycard put forward to Mr H, they did not receive the payments by the date they had requested, so it applied the default in line with their agreement. However, as a gesture of goodwill, they did agree to remove the default as Mr H demonstrated he had attempted to make the payments in time.

That being said, Barclaycard did agree to remove the default marker in February 2020, but this was not fully actioned until February 2021, with the default finally disappearing from Mr H's credit file at the end of March 2021. This is clearly an error made by Barclaycard and is made all the more frustrating for Mr H considering he did ask them about it in October 2020 but was told it had already been removed. I do agree that compensation is warranted

for this error and have taken this into consideration when reaching an amount that I feel is fair in the circumstances.

Mr H has also raised the issue of the interest rate on the loan he applied for in October 2020 being higher due to the default. And having multiple mortgage applications declined in early 2021 because of it. Barclaycard has said it can't be held responsible for the mortgage being declined or the higher rate on the mortgage as there's nothing to show these were solely due to the default remaining on the credit file.

On balance, I agree with what Barclaycard has said. I've considered the evidence that Mr H has provided in relation to the loan he took out. But this only shows the loan application with the agreed rate and there's nothing I've seen that indicates the default on Mr H's credit file has led to that particular interest rate. So I can't agree, based on what I've seen, that it's more likely the default meant Mr H had a higher interest rate than he otherwise would have done.

I've also considered the information Mr H has provided in relation to his mortgage applications. And I want to thank Mr H for the efforts he has gone to in order to provide this. I can see his mortgage consultant has said he feels the default is all that was causing the declined mortgages to occur. While I can consider this, I again don't have any evidence from the lenders that the default alone is what caused the applications to be declined as per their internal lending criteria. I note from Mr H's credit file that he had a number of late payments on a separate credit card from a third-party provider, as well as the four late payments on his Barclaycard credit card which I will discuss below. Ultimately, I haven't seen enough that makes me think the default alone is what had caused Mr H to have difficulty obtaining a mortgage, so I cannot consider the losses related to that further.

However, I have taken into consideration the stress that Mr H would have been under while applying for mortgages and waiting for the default marker to be removed. And this has formed part of my thinking when reaching a compensation amount I feel is fair.

#### *Late payment markers from February, March and August 2020*

A number of Mr H's monthly payments on the credit card account had been missed in late 2019. It was agreed that Mr H would pay £250 in February and again in March 2020 to avoid a default being applied to his account. Mr H has said he did make the payments on time, but because the 16-digit card number was not correctly entered in the reference, they were not applied to his account.

I appreciate that Mr H has said he did attempt to make the payments on time, but they were not actually received by Barclaycard due to an error in the keying of the payments. Because they were not received, it is fair and reasonable that Barclaycard should report this accurately on Mr H's credit file. In addition to this, even if they had been received on time, they would not have cleared the arrears that were on the account. And this would have been reported by Barclaycard in the form of a late payment marker on his credit file. So regardless of the error in the reference number, the late payment markers would have been applied to Mr H's credit file and should remain.

It has been agreed by both parties that the August 2020 late payment marker should be removed from Mr H's credit file and last time Mr H made us aware, this had not been completed. This should be removed from Mr H's credit file if it hasn't been already.

#### *Late payment markers in September and October 2020*

Mr H has said the late payment markers on his credit file for September and October 2020

had been added incorrectly as he was on a payment holiday during that time. Barclaycard has said that a 30-day hold had been agreed on the account, but not a payment holiday extension.

I've listened to the telephone call in which this was discussed between Mr H and Barclaycard. The telephone call occurred two days after Mr H was due to pay his September minimum-monthly payment, which he had missed. In this, Mr H explains he'd had a three-month payment holiday and had recently started a new job, so could begin paying again. The advisor offered a 30-day 'breathing space' hold on the account and clearly set out the next minimum payment was £351.85 that was due on the 2<sup>nd</sup> of October. The next payment that Mr H made was on the 22<sup>nd</sup> of October for £351.88.

Looking at the evidence available, I can see that Mr H missed both the September and October minimum payments. Because of this, Barclaycard has correctly applied the late payment markers on his credit file for these months.

I've also considered whether Barclaycard should have offered another three-month payment holiday extension when Mr H called in September 2020. During the call, Mr H explained he had started a new job and would be in a position to re-start payments at the end of September. Because of this, I think the advisor was correct to offer a 30-day hold on the account, which would pause any charges, fees and interest on the next statement.

### *Compensation*

Barclaycard has offered a total of £450 compensation for the errors made. Mr H thinks this should be increased and has looked on our website at our compensation section. He feels the errors have been caused over a long time, so the amount should be higher than what has been offered.

I've carefully considered this. I've taken into account the fact that Mr H seems to have become aware that the default was still on his credit file in October 2020. Which is around eight months after it should have been removed. He was assured it had been removed and it was in January 2021, while he was applying for a mortgage, that he raised the issue again. It then took a month for it to be removed by Barclaycard and another six weeks for it to disappear from his credit file. So, I think Mr H was aware it may still be on his account in October and actively trying to get it removed in January 2021. I think the biggest impact here was from January 2021 the end of March 2021 when he was fully aware it was still on his credit file and was trying to get it removed alongside applying for mortgages.

There were also additional issues with late payment markers needing to be removed, most of which were done so relatively quickly. Except for the August payment which has taken quite some time. When I consider all of this as a whole, I think the £450 already offered is in line with what I would have recommended if this complaint had come to me with no offer on it. So, I think it is fair in the circumstances.

### **My final decision**

I uphold this complaint and instruct Barclays Bank UK PLC to pay Mr H and additional £300 compensation for the distress and inconvenience the delays have caused him, which will bring the total paid to £450. It should also remove the August 2020 late payment marker from his credit file if it has not done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 November 2022.

Rebecca Norris

**Ombudsman**