

## The complaint

Mr G complains that Barclaycard (Barclaycard) defaulted his account.

## What happened

Mr G had a credit card from Barclaycard. He suffered an accident and a brain trauma, and subsequently was affected by depression and anxiety. In April 2020, his Barclaycard account had fallen into arrears of £7,413. He had been in touch with Barclays who had agreed a hold on his current account debt of £4,192, and his house was sold in September 2020 to repay his Barclays mortgage. He called Barclays' special support team on 1 May 2020 and on 5 June 2020 about his current account but the calls also went into his Barclaycard debt. No further payments were made to his Barclaycard account and the account was defaulted in July 2020.

Mr G complained. He explained he suffered a skiing accident which had resulted in long term brain injury. This also led to bad depression and anxiety; and a long period of unemployment. He had told Barclays and Barclaycard all about that. He said that all his creditors, including Barclays (for his current account and mortgage) had been sympathetic to his situation and hadn't defaulted his accounts – and had agreed standstill positions. He recognised that his debts had to be repaid and would be. But Barclaycard had placed a default on his account - which was now on his credit record for six years. He said he had spoken to Barclays in May 2020 – about his current account - and was told that the standstill agreement he had on his current account would also apply to his Barclaycard. So – he said the default wasn't fair.

Barclaycard said they'd received the information about Mr G's health issues when he sent it to them in March 2020. They had suspended interest. As his income was more than his expenditure, his account was moved into a 'zero offer process'. This still meant that arrears accrued and eventually a default notice was sent to Mr G on 4 May 2020 and a default then registered on his credit file - in July 2020. They said the agents Mr G spoke to on the calls didn't refer to the possibility of a default being registered, and they should have. The Barclays call handler should've transferred Mr G to Barclaycard to discuss his Barclaycard account in detail but didn't. For the poor handling of the calls, Barclaycard offered compensation of £150.

Mr G didn't accept this and brought his complaint to us. Our investigator said Barclaycard acted reasonably. He accepted that Barclays' verbal communications on the calls could've been clearer, but they'd set out everything clearly in writing – which he felt was enough. Barclaycard had sent a default notice on 4 May 2020, and when the payments it asked for weren't made a default was registered. So – on balance, he didn't think Barclaycard should do anymore.

*I reached a provisional decision where I said I intended to uphold Mr G's complaint. I said:*

The crux of Mr G's complaint is that he was told by call handlers in Barclays (not Barclaycard) that the agreement he had on his current account would apply to his Barclaycard.

Mr G suffered a skiing accident some years before which he thinks was the cause of his subsequent health problems. He told us he had debts of £1.3 million but was dealing with them. He had come to standstill arrangements with all his creditors, including his Barclays current account – and he had put his house on the market to repay his Barclays mortgage (which Barclays told us was then repaid in September 2020). He had written to Barclaycard in March 2020 and showed medical evidence from his doctor which confirmed he had suicidal tendencies; a history of mental health issues; poor concentration and demotivation; severe anxiety and depression; and a likely low capacity to deal with financial affairs. As a result, he hadn't worked for eight months. I've seen that medical evidence.

It's important for me to record this information as it shows that Mr G was vulnerable – as he has said he couldn't easily engage with his financial situation, or to make rational decisions. I've seen that Barclaycard recorded receipt of the medical evidence in their notes in March 2020. So – they were aware of his health issues. The Financial Conduct Authority says, *“a vulnerable customer is someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care”*. It seems to me that Mr G was in such a position and had a lower than normal ability to engage with his financial situation. And in those circumstances, firms such as Barclaycard should adjust their actions to take this into account.

There is no doubt that Mr G was in financial difficulty – as he hadn't worked for eight months. His income and expenditure form (sent to Barclaycard in March 2020) showed he had monthly outgoings of £6,600 and no income. But he was engaging with Barclays and Barclaycard to sort his debts out. By April 2020, he was in arrears on his Barclaycard account. Barclaycard then agreed to a zero-interest arrangement. On 6 April 2020, they confirmed this in an email to Mr G which said *“We will support you with suspended interest and charges and although a Default will register on your credit file, we are still here to support you for as long as you need it. After this time, you will stop receiving monthly statements and arrears letters. In the meantime, I am sorry that I cannot prevent these from being sent, as we are obliged to keep you informed of your account position. But please do not worry as we are not expecting you to respond and I cannot reassure you enough that we will not expect you to make payments that are not affordable”*. And so – to be fair to Barclaycard, they set out the agreement and said a default may well be registered on Mr G's credit file.

I've also seen the Default Notice dated 4 May 2020 – which said that the arrears of £7,412 had to be paid by 7 July 2020 - and their letter dated 7 July 2020 – which said the default had been registered. So – Barclaycard did set out their position in writing.

But equally, I have to consider that Mr G was in a vulnerable position – and on balance, it's unlikely that he was able to come to terms with his financial situation – and Barclaycard should've been aware of that, and adjusted how they acted.

And - Mr G had come to an agreement with Barclays on his current account which had a debt of around £4,200. He called Barclays' special support team about that on 1 May 2020 and I listened to the call. Barclays Bank call handler was very empathetic and confirmed to Mr G that given his situation, Barclays would charge no interest or fees on his current account, nor would they take any action. He said that because of Mr G's situation, Barclays were *“not going through the bank's normal collections process”*. And – given Mr G's vulnerability that was the right thing to do. The call handler said no payments were needed, but if nothing had changed by September 2020, a letter of demand would

be sent, but *“because you’re under special support, it doesn’t go anywhere”*. By this - I take it to mean that no further action would be taken (such as a default).

Mr G then asked about his Barclaycard – he said it was impossible to get through to them to speak. Barclays’ call handler said *“Barclaycard can do exactly the same on the credit card side. There is no need for two conversations.”* He went on to say that Barclaycard would close off Mr G’s account in two months, but then no payments would be needed for 12 months, with no fees or interest charged. He said again *“the same as on the current account side”*. Mr G showed us the notes he made of the call – and they were the same.

Mr G called Barclays again on 5 June 2020, and I listened also to that call. The call handler detailed again the arrangement for Mr G’s current account – as on the call on 1 May 2020. Mr G then asked again about his Barclaycard account as he was *“still getting messages from them”*. Barclays call handler checked Mr G’s Barclaycard records and (referring to the conversation on 1 May 2020) said *“he’s put it on – a nil payment arrangement.”* Mr G asked again *“so there’s nothing for me to do?”*. The call handler said *“no”*.

There wasn’t any mention on the calls of a default or effect on Mr G’s credit file on either call.

Barclaycard have said to us that Barclays’ call handlers cannot speak for the credit card business. That maybe the case, but we can’t expect Mr G to have known that – and Barclays call handlers (in the special support team) should’ve said so – and transferred Mr G to Barclaycard. But they didn’t – and they confirmed that Mr G didn’t need to do anything with his Barclaycard, and that the same arrangement applied on his credit card as on his current account. So – I think it was reasonable for Mr G to conclude that he didn’t need to take any action on his Barclaycard account, nor make any payments to it. This was especially so considering his vulnerable situation.

And so, in the circumstances of Mr G’s case, I intend to uphold his complaint, and ask Barclaycard to remove the default from Mr G’s credit file and come to a mutually satisfactory agreement for the repayment of the outstanding debt. Barclaycard have offered to pay compensation of £150 – and I agree with that, although Mr G has said he just wants the default removed.

#### Responses to the provisional decision:

Mr G accepted my findings but made the point that he had repaid his credit card debt, as well as his current account debt. Barclaycard agreed with the provisional decision and confirmed both debts had been repaid.

I now need to make 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.

As both Mr G and Barclaycard agreed with the provisional decision, I am not going to change it in my final decision – other than varying it to the extent that the debts have been

repaid and therefore there is no need for a repayment schedule to be put in place – so that part of the remedy is no longer needed.

### **My final decision**

I uphold this complaint. Barclays Bank UK PLC trading as Barclaycard must:

- Remove the default dated July 2020 from Mr G's credit file.
- Pay compensation of £150 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 4 November 2022.

Martin Lord  
**Ombudsman**