

The complaint

Mr C complains Barclays Bank UK PLC trading as Barclaycard irresponsibly lent to him.

What happened

Mr C complains Barclaycard irresponsibly approved him for a credit card in December 2015. Our investigator looked into the complaint and recommended it be upheld. Barclaycard agreed with this recommendation.

After this agreement was reached there were further disagreements about the redress which would stand following our service's involvement.

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.

All parties agree that Barclaycard irresponsibly lent to Mr C in December 2015. As such I won't make any further finding in relation to that aspect of Mr C's complaint.

It might help for me to start by explaining that where a business accepts (or we decide) it did something wrong, we'd expect the business to put the consumer in the position they would be in if that 'wrong' hadn't taken place. And in an ideal world, we'd tell a business to put a consumer in the position they'd now be in if they hadn't been given the credit they shouldn't have. But for complaints about funds which shouldn't have been lent this isn't straight forward as the funds were provided and, in most cases – such as here, have been spent.

So we look to try and find some other way to put things right in a fair and reasonable way. And as the customer will have had the use of the funds they were lent, we'd typically expect them to repay this and so the lender should place the consumer in the position they'd be in now if they hadn't paid any interest and charges on that credit. This means we'd normally expect a lender to refund the interest and charges added to the credit which shouldn't have been provided. And if those interest and charges were paid also add 8% simple interest per year.

Barclaycard has agreed to do that here, but even after this Mr C will still have a balance made up of the funds he spent left on his account. Mr C accept this but he's unhappy that Barclays won't remove any adverse information that it has recorded on his credit file.

But removing any adverse information here would require Barclaycard to record that Mr C's account was repaid in full and on time even though there's still a balance outstanding. And I think that it would be unfair to Barclaycard and Mr C. This is because it would be unreasonable in its logic and inaccurate if I asked Barclaycard to amend Mr C's credit file in this way – as that doesn't reflect what actually happened or the current position either.

I know Mr C says he will repay the outstanding balance. And that Barclaycard should remove the adverse information at that point. But this balance has been outstanding for some time and I don't know if or when Mr C will repay this. I also think that this removing adverse information thus recording the balance was paid on time, in these circumstances, would be counterproductive and arguably not in Mr C's best interests, or those of any potential lender. And I don't think that it would be fair and reasonable for me to say that's what Barclaycard should do in these circumstances.

So overall and having carefully considered everything, I think that what Barclaycard has already done to put things right for Mr C is fair and reasonable in all the circumstances of the case.

Putting things right

Having thought about everything, I think that it would be fair and reasonable in all the circumstances of Mr C's complaint for Barclaycard to put things right by:

- Rework Mr C's credit card balance to ensure that all interest, fees and charges are removed.

I'd also remind Barclaycard of its obligation to exercise forbearance should outstanding balances remain after all adjustments have been made to Mr C's accounts and it's the case that he is experiencing financial difficulty.

My final decision

My final decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 9 December 2022.

Tom Whittington
Ombudsman