

## **The complaint**

O, a limited company, complains that it was mis-sold a charge card and a credit card by Barclays Bank Plc (trading as Barclaycard).

## **What happened**

In June 2018 O opened a charge card account with Barclaycard with a limit of £20,000. O says it believed this was a credit card account, which could be repaid with a minimum payment each month. But it was actually a charge card which required the full outstanding balance to be repaid each month.

O complained and Barclaycard agreed to open a credit card account so that the balance could be moved to that new account and repaid with minimum monthly repayments as O said it had wanted. There were then various issues with how this account was set up and how the balance was transferred from the original charge card.

O complained to Barclaycard that both cards had been mis-sold. Barclaycard looked into what had happened but did not agree the cards had been mis-sold, it did though pay O £700 to compensate it for the poor service provided, agreed to merge the outstanding balances of the two accounts, and removed any adverse information regarding the two accounts from O's credit file for the period from when the accounts were opened until Barclaycard merged the debts.

O remained unhappy and referred its complaint to us. One of our Investigators looked into what had happened. They agreed with Barclaycard that the cards had not been mis-sold, but that some compensation was due for the way things had been handled and for the impacts of the mis-information O had been given. Ultimately, they recommended that Barclaycard pay O an additional £100 compensation, and refund some interest. Barclaycard didn't respond to the Investigators opinion, and O did not agree with the Investigator's findings, so this case has been referred to me for a 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've reached the same conclusions as our Investigator, and for largely the same reasons. I'll explain why.

O contacted Barclaycard to apply for a business card account in June 2018. O says it believed it was applying for a credit card, and that it would therefore only have to pay a minimum payment each month to maintain the account. But the account O opened was actually a charge card, which required for the full balance of the card to be repaid each month.

I don't have copies of the phone calls that took place around the time this account was opened. But I do have copies of the notes Barclaycard took when it reviewed those calls when O made its initial complaint about the charge card account. And those notes suggest that O was told about the difference between charge cards and credit cards and chose to open a charge card account. In any case, O would have had to read and agree to the terms and conditions of the charge card account before it was opened, and those terms clearly set out the repayment schedule for the account.

So with what I've seen I'm satisfied that the charge card account was not mis-sold to O. However, it's clear that following the opening of the charge card account O was given some inaccurate information about the payments it needed to make, there were also then some issues with how Barclaycard managed the transfer of the balance to a credit card.

Barclaycard's notes show that when O called in July 2018 about making a payment to the charge card it was told it could pay £100, and was not informed that the full balance of over £19,000 needed to be repaid. It's at this stage that O said it had wanted a credit card, not a charge card, and Barclaycard explained it could open a credit card for O. In August 2018 Barclaycard then advised O that it could withdraw cash from the new credit card and use that to repay the charge card. Barclaycard has noted that it did not clearly explain to O that doing this would result in additional interest charges for cash withdrawals on the credit card.

O withdrew cash from its credit card to repay the original balance of approximately £19,000, as it had been advised to do by Barclaycard, but then went on to spend a further £11,000 on the charge card before it was closed by Barclaycard on 7 September 2018. It appears that O was not aware that the charge card would close once the credit card had been opened.

O has suggested that the credit card was also mis-sold and that it was actually a charge card account. But that was not the case. This second account was a credit card as O had requested, but was initially set up incorrectly and so the full balance was requested to be repaid rather than the minimum monthly payment O was expecting. Barclaycard subsequently rectified this and amended the credit card so that only minimum payments were required each month. So there is nothing to suggest to me that this credit card was mis-sold to O.

O made further complaints about what had gone on, and in September 2019, on reviewing all that had happened, Barclaycard agreed that it could have provided O with better service. As a result it offered to pay O £700 for any inconvenience caused by what had happened, merged all the debt from both accounts onto the one credit card account, and removed any adverse data that had been recorded about these accounts on O's credit file from June 2018 to September 2019. Barclaycard also explained that it would be able to arrange a repayment plan for the outstanding debt, and told O that its debt collections department would be in touch.

Looking at everything that happened over this period I agree with our Investigator that what Barclaycard has so far done is not quite enough to rectify the mistakes that were made. Barclaycard has agreed that it did not make it clear to O that withdrawing cash from the credit card to repay the charge card would lead to additional interest charges. I think it's likely that, if Barclaycard had explained this, then O would have looked for another way to repay the charge card. I also note that in 2019 Barclaycard was able to transfer the further balance that had built up from the charge card to the credit card without requiring any cash withdrawals by O. In light of this I consider it is fair to ask Barclaycard to refund to O the interest and charges it incurred on its credit card as a result of the cash withdrawal in September 2018. I also think it's fair for Barclaycard to pay an additional £100 to O for the inconvenience caused by all of this.

Our investigator also recommended that Barclaycard refund any interest incurred from when it gave O the incorrect advice about making only a minimum repayment to the charge card until the correct advice was given. But looking at the statements for the charge card and the credit card no interest has been applied other than the interest on the cash withdrawal, which I have already commented on.

It appears that Barclaycard didn't make any further contact with O after October 2019, until O raised its complaint again in 2021 at which point Barclaycard advised that O should fill in details of its income and expenditure and a repayment plan could then be agreed. O feels that it is unfair that information about the remaining credit card account has been recorded with the credit reference agencies for this period. O considers it would be fair for Barclaycard to either offer it a credit card with a much higher limit so it can repay the outstanding debt over a period of time, or write off the debt completely. O has said it was told in October 2019 that everything was sorted and it didn't need to do anything more.

I appreciate that Barclaycard did not make contact with O to discuss a repayment plan after October 2019, but Barclaycard had told O that a plan would need to be arranged, and O was aware that a debt was still outstanding. But O didn't take any action to chase up with Barclaycard or to make any payments towards the debt. And with this in mind I think it is reasonable that data about the outstanding debt be recorded with the credit reference agencies.

I also don't think it would be reasonable to ask Barclaycard to write off the debt, the majority of what is owed is spending that O did using its cards. So O has clearly had the benefit of those funds and it is therefore fair that O should be asked to repay that debt. Barclaycard has said it is willing to work with O to come to an agreement about an affordable repayment plan, and I consider that to be a fair proposal for a way forward regarding this debt. I know this will be disappointing for O, but having carefully considered everything available to me, I think Barclaycard will have fairly resolved this complaint when it has carried out the actions detailed below, and I won't be requiring it to do anything more.

### **Putting things right**

Barclaycard should put things right by:

- Refunding interest and charges incurred as a result of the cash withdrawal on the credit card in September 2018
- Paying O £100

### **My final decision**

I uphold this complaint in part, Barclays Bank Plc (trading as Barclaycard) should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask O to accept or reject my decision before 2 January 2023.

Sophie Mitchell  
**Ombudsman**