

The complaint

Mr H complains that Barclays Bank UK PLC trading as Barclaycard reported his credit card balance exceeded its credit limit during a payment holiday.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

Mr H has a credit card with Barclaycard and entered a payment holiday, approved under the Financial Conduct Authority's Payment Deferral Guidance. The guidance said businesses could offer customers payment holiday support during the pandemic that wouldn't impact their credit file.

During the payment holiday the balance on Mr H's credit card increased to the point it exceeded Mr H's credit limit. Barclaycard reported that information to the credit reference agencies.

Barclaycard says it sent Mr H an email to let him know about the position of his account. But Mr H has explained the email was sent to an old address and wasn't received.

Mr H complained and highlighted guidance Barclaycard had provided online that said it would send a text message to warn customers about exceeding their credit limit. Mr H explained no such text message had been sent. Barclaycard issued a final response but said Mr H was only set up for payment alerts by text message and that it was his responsibility to manage the account in line with its terms.

An investigator at this service looked at Mr H's complaint. They thought Barclaycard had dealt with Mr H fairly and didn't ask it to do anything else. Mr H asked to appeal, so his complaint was passed to me.

I recently contacted Barclaycard and asked it to consider reviewing the outcome of Mr H's complaint. I highlighted guidance from its website that advised customers text messages would be sent to warn them if their account balance exceeded the credit limit. I asked Barclaycard to consider removing the over limit information and compensating Mr B for the trouble and upset caused. I didn't receive a response by the agreed deadline, so I've taken the step of issuing a provisional decision, upholding Mr H's complaint.

What I've provisionally 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.

Barclaycard provided evidence from its website showing the information it gave customers who've taken payment holidays due the impact of Covid. Barclaycard's website gave the following guidance:

“Will I be charged interest on my Barclaycard while the payment holiday is in place?”

We'll still charge interest (in line with the existing rates) on your balance during the payment holiday... your overall balance will grow so it may take longer to pay off your balance...

We'll text you if interest added to your balance during the payment holiday takes you over your credit limit. You can then make a payment. Bear in mind that your credit limit could be affected if you're unable to do so...

I understand Mr B still needed to ensure he managed his account in line with its terms. And I note Barclaycard's told us Mr H was only set up to receive texts for payment alerts. But I think it's fair to say this was a new situation for Mr H and he was looking to Barclaycard to provide clear guidance and information. And Mr H has specifically explained he understood Barclaycard would text him if his balance exceeded the credit limit, in line with the information on its website.

I think Barclaycard should've made it clear Mr H would need to update his communication preferences to include account or balance warnings if he wanted to take advantage of the text messages as set out on its website. I'm satisfied Mr H would've done so had he been advised to.

Mr H has told us he didn't receive the emails Barclaycard sent and, as set out above, expected to receive a text message to warn him about his balance if it exceeded the limit. I'm satisfied that's the case. I'm also satisfied Mr H would've taken quick action to bring his account balance within the agreed credit limit if he'd received the text message, in line with Barclaycard's website.

Based on the information I've seen so far, I intend to uphold Mr H's complaint and direct Barclaycard to amend his credit file to remove references to his credit card balance exceeding the credit limit.

I can see the situation has been ongoing for some time and I'm satisfied it's caused Mr H a reasonable level of distress and inconvenience. So I also intend to tell Barclaycard to pay Mr H £250 to reflect that.

Both parties responded to my provisional decision and confirmed they were willing to accept.

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 parties have confirmed they're willing to accept, I'm going to proceed in line with my provisional decision. I still think Mr H's complaint should be upheld, for the same reasons.

My final decision

My decision is that I uphold Mr H's complaint and direct Barclays Bank UK PLC trading as Barclaycard to settle as follows:

- Amend Mr H's credit file to reflect the balance as being within the credit limit during the payment holiday period
- Pay Mr H £250 for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 28 November 2022.

Marco Manente
Ombudsman