

The complaint

Mr D complains that Barclays Bank UK PLC trading as Barclaycard unfairly withdrew a settlement offer. Mr D also complains about the way Barclaycard treated him whilst experiencing financial difficulties.

What happened

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

Mr D had a credit card with Barclaycard. In 2020 arrears accrued on Mr D's credit card and he spoke with Barclaycard about his situation. Barclaycard's contact notes show Mr D explained he was suffering with significant mental health issues and was struggling. The contact notes show Mr D explained he needed support and was also experiencing financial difficulties.

In 2021 Barclaycard carried out an income and expenditure assessment. It found Mr D was behind with several priority bills including utilities and his mortgage payments. But over the following weeks Mr D revisited his budget with Barclaycard and it agreed a payment plan of £60 a month. But Mr D was ultimately unable to maintain the arrangement.

In the Autumn of 2021 Mr D contacted Barclaycard and asked about making a partial settlement. Mr D told Barclaycard a friend had offered to lend him some money to allow him to make an offer to settle. Barclaycard's call handler recorded the offer on its systems. Barclaycard then sent Mr D a letter that said it would accept £5,500 to settle.

In November 2021 Mr D spoke with Barclaycard again and explained he wanted to make a slightly lower offer of £4,500 as he needed to use some of the funds to pay priority bills. At this point, Barclaycard told Mr D its original offer had been made in error. Barclaycard also asked Mr D to complete further income and expenditure assessments.

Mr D complained and Barclaycard sent him a final response. Barclaycard said its call handler had incorrectly told Mr D it would accept £5,500. And Barclaycard said Mr D had subsequently informed it he was unable to make an offer at that level. Barclaycard said that it wouldn't expect a customer to borrow money from friends to repay an outstanding debt when there were primary bills outstanding. A collections hold was placed on Mr D's account and he was asked to contact Barclaycard's Specialist Support Team. Barclaycard offered Mr D £150 to apologise for what happened.

Mr D referred his complaint to this service and it was passed to an investigator. They thought Barclaycard had dealt with Mr D's complaint fairly and didn't ask it to do anything else. Mr D asked to appeal and said Barclaycard's actions significantly impacted his mental health at an already difficult time. Mr D provided evidence from his doctor to verify what he's told us about his health. Mr D also said Barclaycard had applied a default to his credit file and unfairly closed his credit card. As Mr D didn't accept the investigator's view, his complaint has been passed to me to make a decision.

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.

I've been reasonably brief in setting out the background above and have done so in my own words. I appreciate both Mr D and Barclaycard have provided detailed submissions. I'd like to ensure all parties I've read and considered everything they've provided when reaching my decision. But I'm going to focus on what I feel are the key issues in this case, I'm not going to comment on all the points raised. My approach reflects our role as an informal dispute resolution service and alternative to the courts.

I'd like to thank Mr D for the level of candour he's given us in his submissions. I can see Mr D has been through a very difficult time over the last few years. And Mr D has provided evidence from his doctor that he has significant mental health difficulties that impact his day to day life. I've taken this into account when considering what happened.

Barclaycard's notes show it was aware Mr D was vulnerable due to his mental health, going back to 2019. And I can see Barclaycard referred Mr D to its Specialist Support Team which specifically works with customers who're going through a difficult time. Looking at Mr D's credit card statements, Barclaycard appear to have stopped applying interest to the outstanding balance once it was aware of Mr D's situation. And whilst I understand the severity of Mr D's condition meant he found contact about the outstanding balance particularly distressing, I haven't seen an unreasonable level of contact here.

Barclaycard completed a number of income and expenditure assessments with Mr D. And I can see the information he provided changed over time. Barclaycard went on to accept a payment arrangement of £60 a month. But Mr D has told us he was unable to maintain that level of payment. And a friend later offered to lend Mr D money to clear his Barclaycard balance.

I've listened to the available call. I note that Barclaycard's final response says the call handler shouldn't have approved the settlement offer. And Barclaycard says one of the reasons is that Mr D advised he was borrowing money to repay the outstanding balance. I think that's a reasonable point. I wouldn't expect a business to agree to settle a debt on the basis its customer had borrowed money from another source, even from friends or family. That would ultimately mean Mr D owed a different party but remain in broadly the same situation.

In addition, Barclaycard says the £5,500 offer (and other slightly lower offers) didn't meet the normal criteria it uses for assessing settlement offers. I know the call handler indicated the offer would be accepted and a letter was automatically sent, but I'm satisfied the agreement was made in error. I understand Mr D's view but I wouldn't expect either party to be bound by a genuine mistake. And, in this case, I'm satisfied the £5,500 settlement offer was made in error.

I also think it's fair to note that when Mr D called Barclaycard back his subsequent offers were lower than the £5,500 offer. In the circumstances, I haven't been persuaded it was unfair for Barclaycard to decline.

Whilst that is the case, I'm not persuaded the current offer to settle of £150 fairly reflects the level of distress caused to Mr D. Barclaycard was aware of the seriousness of Mr D's mental health difficulties at this time. And, listening to the call where Mr D made the offer, it was clear he was doing so out of desperation because of the pressure he was feeling to

make repayments. Mr D has told us that the removal of the settlement offer caused him a significant level of distress and impacted his mental health to a significant degree. I accept that is the case. In my view, £150 doesn't fairly reflect the way the settlement offer was dealt with or the level of upset caused.

So whilst I haven't found grounds to tell Barclaycard to accept a settlement offer from Mr D, I do intend to increase the overall level of compensation awarded to take into account the level of distress caused to Mr D. I think a payment of £500 more fairly reflects how the issues raised have affected Mr D and is a reasonable way to resolve his complaint.

In response to the investigator, Mr D told us Barclaycard had unfairly closed his credit card and reported a default on his credit file. As this didn't form part of the investigation into this complaint, I can't comment on those issues as part of this decision. Our investigator will contact Mr D shortly and check whether he wishes to raise these issues as a new complaint.

I invited both parties to respond with any further comments or information they wanted me to consider before I made my final decision. Mr D asked for some additional time to respond but didn't go on to send us new information to consider. We didn't hear back from Barclaycard.

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 neither party has given me new information to consider, I see no reason to change the conclusions I reached in my provisional decision. I still think Mr D's complaint should be upheld, for the same reasons.

My final decision

My decision is that I uphold this complaint and direct Barclays Bank UK Plc trading as Barclaycard to pay Mr D a total of £500 (less any compensation already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 6 December 2022.

Marco Manente
Ombudsman