

## The complaint

Mr O complains that Barclays Bank UK PLC didn't treat him fairly when he experienced a period of financial difficulty. As a result it has recorded incorrect information on his credit file.

## What happened

Mr O has a mortgage and personal loan with Barclays. In July 2021 he lost his job. Mr O spoke to Barclays and believed he'd agreed a "payment stop" for both the mortgage and the loan. He said Barclays later wrote to him to say that he'd missed payments to the mortgage and loan. Mr O said when he queried this with Barclays, sometimes it accepted that there was an arrangement in place to stop payments and sometimes it didn't.

Mr O complains:

- Barclays has now denied there was any arrangement in place to stop payments to the mortgage and loan.
- As a result, Barclays has recorded missed payments for both the mortgage and loan on his credit file. It has only agreed to amend an entry for February 2022.
- Barclays passed the loan to a third party debt collector – but neither Barclays or the debt collector will allow him to reinstate payments.
- Barclays hasn't kept recordings of all the phone calls where the payment stop was agreed.

I issued a provisional decision proposing to uphold the complaint in part. My provisional findings were, in summary:

- Barclays did not agree a payment stop or holiday but it did not do enough to explain to Mr O that he needed to speak to a different department about his loan. In the circumstances there was nothing Barclays could do in regard to the mortgage. But Mr O was deprived of the opportunity to see if an arrangement could be reached in respect of his loan.
- I considered it likely that if Barclays had told Mr O he needed to speak to a different department about his loan, he would have done so. The evidence we have is that Mr O was keen to engage with Barclays.
- It was likely Mr O would have given Barclays the same information about his financial position and circumstances that he did in respect of his mortgage. If he had done so – bearing in mind he expected to be back in work within six months and taking into account the relevant rules – it would have been fair and reasonable for Barclays to put in place an arrangement accept token payments for six months.
- While the default reflected that Mr O did not discuss the loan with Barclays – I've found that the lack of engagement was due to an error by Barclays, so it does not necessarily reflect the correct position. I considered that it was likely Mr O would have maintained the arrangement had it been put in place – and that, rather than a default, should be recorded on his credit file.
- It was less clear what happened after January 2022. I asked for evidence from both sides. I said there were two possibilities: 1) The evidence shows that Mr O attempted to

but struggled to set up payments after January 2022. But he engaged with the debt collector and subsequently set up a payment arrangement; or 2) There was little or no attempt by Mr O to engage with the debt collector after January 2022 and no formal payment arrangement was made.

- If the evidence showed that option 1 was more likely, then Barclays should retrieve the debt from the third party, remove the default and amend Mr O's credit file to show an arrangement in place from July 2021 to date – unless any arrangement Mr O had made meant the loan would now be up to date.
- If the evidence showed that option 2 was more likely, then I would not ask Barclays to do anything to amend Mr O's credit file or to buy the debt back. That is because a default would most likely have been recorded in any event.
- I wasn't persuaded that the Mr O would have qualified for a mainstream prime mortgage but for the default or that the removal of the default would make a significant difference to that.
- Barclays should pay Mr O £500 for any distress and inconvenience.
- It was reasonable for Barclays to record the January 2022 mortgage payment as late – even if it was only by four days.

Mr O responded to say, in summary:

- The damage to his credit file has prevented him moving to be closer to his son, meant he had a long commute, meant he had to keep his belongings in storage and couldn't get a low interest rate mortgage.
- He's never missed a payment before. Barclays should pay him at least £20,000 to compensate him for his costs.
- Barclays led him to believe that his mortgage was "on a plan" and the he was not liable for loan payments. He was deprived of the opportunity to make reduced payments. Barclays should remove all missed payments from his credit file for both the mortgage and loan.

Barclays provided some evidence from the third party debt collector. But it didn't say if it accepted my provisional decision or not.

### **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.

I agree that Barclays has not communicated well with Mr O. But I can't see that any arrangement could have been reached in respect of the mortgage. The income and expenditure form Mr O completed shows that he could not afford to make a payment to the mortgage. Looking at the rules that were in place, I can't see what concessions Barclays could have offered Mr O. I agree that the language Barclays used around a "plan" being in place was at times misleading. But I can't see that it ever actually agreed a formal arrangement as Mr O believed.

Mr O is relying on some short extracts of phone calls to support his position. They show that Barclays didn't always communicate clearly and there was some avoidable confusion. There were clearly errors in those calls – but it doesn't follow that a formal arrangement was actually in place in respect of the mortgage.

In any case, even if a concession had been arranged on the mortgage, it would still have had an impact on Mr O's credit file and that would still have affected his ability to obtain a mortgage.

I see no reason to change the findings I reached in respect of the personal loan:

- Barclays didn't do enough to tell Mr O that he needed to discuss his personal loan with a different department. Mr O was deprived of the opportunity to see if an arrangement could be reached in respect of his loan.
- I considered it likely that if Barclays had told Mr O he needed to speak to a different department about his loan, he would have done so. The evidence we have is that Mr O was keen to engage with Barclays.
- It was likely Mr O would have given Barclays the same information about his financial position and circumstances that he did in respect of his mortgage. If he had done so – bearing in mind he expected to be back in work within six months and taking into account the relevant rules (which are different for unsecured loans than they are for mortgages) – it would have been fair and reasonable for Barclays to put in place an arrangement accept token payments for six months.
- While the default reflected that Mr O did not discuss the loan with Barclays – I've found that the lack of engagement was due to an error by Barclays, so it does not necessarily reflect the correct position. I considered that it was likely Mr O would have maintained the arrangement had it been put in place. An arrangement rather than a default, should be recorded on his credit file.

Mr O has provided evidence to show that he was speaking to the third-party debt collector in December 2021. He has also provided a later email where he said that he was told that he was unable to set up a payment because of an ongoing complaint with Barclays.

The evidence shows that Mr O set up a payment arrangement with the debt collector from March 2022, before the debt was returned to Barclays in August 2022. The debt was then passed to another debt collector and Mr O again set up a direct debit payment.

I'm satisfied that it is more likely than not that the failure of Mr O to set up a payment arrangement in January 2022 was due to the ongoing dispute with Barclays rather than to any lack of engagement. And that dispute would have been avoided had Barclays set out the correct position regarding the unsecured personal loan. In other words, if Barclays had treated Mr O fairly it is more likely than not that he would have recommenced payments to the personal loan from January 2022.

Therefore I consider that in respect of the personal loan Barclays should take the loan back from the debt collector, remove the default and amend Mr O's credit file to show an arrangement in place from July 2021 to date – unless Mr O has caught up with missed payments.

I don't agree with Mr O that Barclays is responsible for the fact that he wasn't able to buy the house he wanted. As I've said, I can't see that there was any concession Barclays could have offered Mr O for the mortgage. And even if it had offered any type of concession, that would always have been reflected on Mr O's credit file and would still have affected his ability to obtain a mortgage. The same would apply for the personal loan – an arrangement to pay will be viewed as better than a default. But it is still adverse information that many lenders will not find acceptable.

The cause of the problems that Mr O has experienced are because he unfortunately lost his job and wasn't able to maintain his commitments. That would always have an impact on his credit file. I can't say that Barclays is responsible for that – or that the errors it did make were the reason why Mr O couldn't move home as he wanted. So I don't see how I could fairly say that Barclays should pay the costs Mr O says he has incurred.

I accept Barclays has not handled this matter very well. It didn't communicate very well with Mr O. That added to his stress at what was already a very difficult time for him. And he's also

had to take the time to sort this matter out. Overall I consider £500 is fair to reflect the impact on Mr O of Barclays' error here./

### **My final decision**

My final decision is that Barclays Bank UK PLC should:

- Pay Mr O £500.
- Take the loan debt back from the debt collector.
- Remove the default for the personal loan.
- Amend Mr O's credit file to show an arrangement to pay was in place from July 2021 until the loan is back up to date.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 5 January 2023.

Ken Rose  
**Ombudsman**