

The complaint

Miss B is unhappy with how Barclays Bank UK PLC (Barclays) have treated her in relation to a personal loan account.

What happened

The personal loan

In January 2019, Miss B took out a personal loan for £21,000. The term of the loan was for 78 months and Miss B made repayments of around £390 a month towards the outstanding balance until 12 August 2020, when the account fell into arrears as Miss B stopped making repayments from this date.

Miss B's bank statements in 2018 show she was receiving a regular income of around £6,000 each month until August 2018. In September 2018, Miss B received a payment of around £14,000 from the same company she received the regular monthly income from. Beyond this point, Miss B stopped receiving a regular income and says this was because she stopped working. Miss B says she took out this loan because she wasn't working, and she used around £11,000 of the £21,000 to settle an already existing loan she had with Barclays that she took out in 2016. The loan proceeds were then used to support Miss B financially while she wasn't working.

Miss B complains no affordability checks were carried out by Barclays at the time of the loan application and she feels she was enticed to take out the loan by Barclays' advertising. Miss B says Barclays should have never given her this loan as she was vulnerable and unwell at the time and that Barclays were aware of her health and disabilities.

Barclays say the application for the loan was completed through their mobile application. Barclays also say they would have presented responsible lending information such as highlighting the importance of being able to make the repayments, so they didn't think there was anything wrong with how the loan was being advertised. Barclays say they carried out standard checks at the time, such as assessing Miss B's affordability, and they didn't find any reason not to grant her the loan based on the information completed within the application process. Lastly, Barclays say they weren't made aware of Miss B's disabilities until she told them during a telephone conversation on 25 November 2020.

Barclays have given us information to show the loan balance is currently around £17,000 and that Miss B hasn't made any payments towards the loan since 12 August 2020. Barclays said there hasn't been collections activity on the loan while Miss B's complaint is ongoing with our service. But I recognise Barclays have sent Miss B arrears notices as they said they were obliged to send these while the account is in arrears.

Our Investigator looked into this part of Miss B's complaint and came to the conclusion that having looked at the amount of credit being borrowed, the length of the agreement, the amount being repaid each month as well as Miss B's circumstances, she didn't think Barclays had carried out proportionate and reasonable checks. And had reasonable checks been done, Barclays would have seen that Miss B didn't have any income in the months

prior to her getting the loan. Our Investigator said she thinks it's likely this would have led to Barclays asking Miss B more questions and after having done this, she didn't think Barclays would have agreed to give Miss B this loan.

Customer service

Miss B complains that Barclays haven't treated her fairly. Miss B has given us a lot of detail about this and I've summarised the key points.

Miss B said she told Barclays several times not to contact her by phone due to her health conditions and her disabilities, but they continued to contact her by phone to discuss her complaint as well as the outstanding payments for the loan. Miss B asked Barclays to contact her in writing, but she felt this request was ignored by them as they continued to phone her when they wanted to speak to her.

Miss B says she had several conversations with Barclays in the presence of her carer and that she made Barclays aware that she was in ill health (both mentally and physically) but that Barclays ignored her. Miss B said she had an interview for a job, but the day before, she was put under so much pressure by a Barclays advisor that Miss B had a relapse in her physical and mental health and says she was hardly able to speak during her interview. Miss B said she had a panic attack and was unable to speak but that the advisor continued to ask her questions and ignored her ill health. Because of this, Miss B said she was put into therapy again by her doctor. Overall, Miss B said the difficulties Barclays have caused her have given considerable flashbacks and loss of sleep. Miss B said the stress caused by Barclays has contributed to her physical and mental health illness.

Barclays said when Miss B made them aware of her disabilities and health conditions in November 2020, she was referred to their specialist team who offer a service that tries to help vulnerable customers on an individual basis. Barclays said this team call customers, and they wouldn't usually send letters, even though they may have the ability to send letters and emails. Barclays apologised for the difficulties Miss B has experienced and they said their specialist team are there to help her. Barclays have also since told us that from 4 January 2022, Miss B won't receive any calls or letters from their specialist team.

Barclays say there have been occasions where their specialist team have supported Miss B in the way they'd expect. On 25 November 2020, the specialist team spoke to Miss B about supporting her to make the repayments under the loan as she let them know she lost her contract at work which was causing her financial distress. The specialist team agreed a short-term plan for three months, as Miss B said she expected to be able to make her repayments again in February 2021. The next contact with Miss B was in March 2021, where she made the specialist team aware that her mental health was under control and that she was on medication.

Miss B says Barclays have harassed her as they sent several letters letting her know that payments were outstanding on her personal loan. Miss B says they sent her a demand letter which she found to be threatening. Miss B has also said Barclays sent text messages to her which provided no information and this caused her distress. Barclays said the letters they sent to Miss B were regulatory arrears notices that they are obliged to send Miss B, so she is fully informed of the status of her loan account. Barclays also said they listened to three calls with Miss B – two made in August 2021 and one in September 2021 and they were satisfied the level of service provided was as they expected. But Mrs B said the advisors were unprofessional and that these calls caused her distress.

Miss B has also told us she contacted Barclays several times about her complaint, but they didn't respond to her. In fact, they told her they couldn't see a record of her complaint. Miss

B feels Barclays have ignored her. Barclays said there was an error on their part and for some reason, Miss B's letters weren't scanned onto their system. Barclays apologised for this and assured Miss B they weren't ignoring her. Barclays also acknowledged it took them longer than it should have to resolve Miss B's complaint. Therefore, in recognition of these errors, they offered Miss B £200 compensation which she didn't accept.

Our Investigator said she listened to the calls and didn't think Barclays had acted unfairly towards Miss B. She also recognised that while Miss B had told Barclays she didn't want to communicate via phone as this caused her distress, there was also evidence to suggest Miss B complained Barclays didn't call her back about her complaint. Overall, our Investigator didn't think Barclays were unhelpful nor harassed Miss B in their communications to her. However, our Investigator did think Barclays did do something wrong in not acknowledging Miss B's complaint and the length of time it took to resolve her concerns.

What our Investigator recommended Barclays should do to put things right for Miss B

Overall, our Investigator upheld Miss B's complaint. In relation to Miss B's request to write off the outstanding amount for the loan, our Investigator didn't recommend Barclays do this as she felt Miss B had the benefit of the funds and that she used some of it to repay another loan early that she had with Barclays. Instead, our Investigator felt it was fair for Miss B to do an income and expenditure assessment with Barclays so they could get a better understanding of Miss B's current financial situation. Our Investigator recommended this in line with The Money Advice Liaison Group (MALG) who published a report on how creditors should treat customers with debt and mental health problems where there is little likelihood of improvement and it's highly unlikely they'll be able to repay their debts. Our Investigator also concluded that it was fair for Barclays to continue to report information about this loan on Miss B's credit file.

Ultimately, our Investigator asked Barclays to:

- Refund the interest and charges on the loan to Miss B.
 - 1) If an outstanding balance remains once these adjustments have been made, Barclays should contact Miss B to arrange a suitable repayment plan for the outstanding balance.
 - 2) If an outstanding balance doesn't remain, remove any adverse information about this loan from Miss B's credit file. And any credit remaining should be treated as overpayments and returned to Miss B.
- Pay 8% simple interest a year on any overpayments from the date they were made (if applicable) to the date of settlement.*
- Pay Miss B the £200 compensation Barclays offered for the two errors they made.

* HM Revenue & Customs requires Barclays to take off tax from this interest. Barclays must give Miss B a certificate showing how much tax it's taken off if she asks for one.

Barclays' response to our Investigator's view

Barclays responded and said while they don't agree the loan was given to Miss B irresponsibly, they'd be willing to refund all interest, charges and fees as recommended by our Investigator. And they agreed to carry out an income and expenditure assessment to develop a suitable plan with Miss B to repay the outstanding balance.

Miss B's response to our Investigator's view and what she wants to resolve her complaint

Miss B disagreed with our Investigator's view and doesn't feel our Investigator understood her complaint. Miss B has said she's been registered disabled as a result of Barclays' actions and that she has been discriminated against as Barclays were forcing her to use a contact method they were aware caused her ill health.

Miss B also detailed the stress that she's experiencing as a result of Barclays asking her to repay the loan.

Miss B set out that she wants Barclays to:

- Remove information about the loan from her credit file.
- Write off the outstanding amount for the loan and to put her back in a position she would have been in had she not been given the loan.
- Not advertise loans to customers in future without carrying out their due diligence.
- Ensure Miss B is dealt with by a specialist team given her health conditions and disabilities.

So, the complaint has been passed to me to decide.

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'm very aware that I've summarised this complaint in far less detail than Miss B or Barclays and I've done so using my own words. I'm not going to respond to every single point made. No discourtesy is intended by this as instead, I've focused on what the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it, I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I decide is the right outcome.

I'm sorry to read of the ill health and disabilities Miss B has told us about. I think it's clear this situation has caused Miss B distress and has had an effect on her health. I empathise with Miss B and I can appreciate Miss B has been through a stressful time.

When reading through Miss B's complaint, there was some extra information I wanted, to be able to understand in more detail what happened. So, I asked Miss B for further information, but unfortunately, she didn't respond. As a result, I've taken into account all the information I already had on file to reach my decision.

The personal loan

Our Investigator reached an outcome that the loan had been irresponsibly lent to Miss B – and recommended all interest, charges and fees be refunded. Barclays agreed with this, and I've seen nothing to suggest this would create an unfair outcome for either party, so in my opinion this is fair. I want to explore whether Barclays should go further in terms if there's anything more they should do for Miss B, which I'll go on to consider.

Miss B's current financial situation seems to be conflicting. In June 2022, Barclays told us Miss B had around £20,000 in her current account, but Miss B has previously told us she

hasn't been working. Either way though, it's fair for me to say Miss B has had the benefit of the funds, as I've seen she used at least part of this to repay her previous loan with Barclays.

At this moment in time, Barclays don't have an up-to-date picture of Miss B's financial situation. This is because she's not completed an income and expenditure form with them. Generally, it wouldn't be fair to say Barclays should be required to write off a debt without understanding someone's financial situation, and how things could alter in the future. And I've seen nothing to persuade me it would be fair for them to do this in Miss B's situation. So, I don't think it'd be fair for them to write off Miss B's debt, but I do feel the recommendation made by our Investigator of them carrying out an assessment of Miss B's financial circumstances is fair.

Barclays have told us Miss B is still being supported by their specialist team but that from 4 January 2022, they agreed to not call or write to Miss B while we're looking into her complaint. However, in order for Barclays to carry out an income and expenditure assessment with Miss B, they are going to have to contact her. From looking through the file, it seems Miss B is comfortable with speaking to Barclays when things are going well with her mental health and when they're not, I think Miss B prefers to communicate in writing. So, I think Miss B's communication preferences may change depending on her mental state and there may be times where she wants to speak to Barclays over the phone. So, with that in mind, I expect Barclays to work out if Miss B is able to have a phone conversation or if it's better to communicate with her in writing to do this exercise – and to be able to switch between these two methods appropriately. I'd also like to make clear it's important for Miss B to engage with Barclays in this so they're able to communicate in the right way with her.

Loan Advertising

I understand Miss B has some concerns about how Barclays were advertising this loan on her mobile application and that she feels she was enticed into taking it out. While I haven't seen what Miss B saw when she took out the loan, I don't think there's anything necessarily wrong with Barclays advertising the products they may have available to their customers. The important thing is then how Barclays go on to assess any applications made for the products they offer - which is what I've addressed above.

Customer service

From looking at the information available to me, I can see that there were times where things didn't happen as Miss B expected. It seems for some reason, Barclays missed Miss B's complaint letters which then delayed a response to her. There was also an email that went unanswered which caused Miss B distress as she was chasing a response from Barclays. I can appreciate the upset this would have caused Miss B, especially as she wanted her complaint answered. For these reasons, I consider Barclays' offer of £200 for the delay in responding to Miss B's complaint as well as not responding to her complaint letters is fair and reasonable in the circumstances.

Miss B has provided us with copies of arrears notices she was sent in 2021 and also some from the beginning of 2022. I can see they let Miss B know she's in breach of the agreement and that she needed to pay the arrears that was outstanding on the account. Miss B says she found these to be harassing and threatening. Having read the letters, I can understand why Miss B has said this, but I don't think this was Barclays' intention. Its important businesses make their customers aware of the amount outstanding on their account and that they're required to make payments towards the balance.

Miss B has said Barclays were aware of her health conditions prior to when they said they became aware of these in November 2020. And that they shouldn't have called her as she'd previously told them not to. I haven't seen any evidence to suggest Barclays were aware of Miss B's health conditions before they've said they were in November 2020. And I realise it was a difficult thing for Miss B to share with Barclays - it was important for Miss B to share this information with Barclays, to allow them to consider doing something different to support Miss B. Upon hearing this from Miss B, Barclays recognised she was vulnerable and then referred to her to their specialist team for a different type of support to be provided. I don't think Barclays could have done more at this stage as I think they acted fairly in referring Miss B to their specialist team. Miss B also told us it was in October 2021 where she was diagnosed with two other disabilities so I don't find it likely Barclays would have been aware of these earlier than when Miss B says she was diagnosed. Additionally, I couldn't see anything in the notes when Miss B was referred to the specialist team which indicated Miss B's communication preferences. In fact, there seemed to be an early conversation on 25 November 2020 with the specialist team about agreeing a short-term repayment plan for Miss B.

I understand Miss B says she feels she's been discriminated against as she asked Barclays to communicate with her in writing, but they continued to try and phone her. Often when a customer refers to being discriminated against in relation to protected characteristics, what they usually refer to is the Equality Act 2010. But I don't think that's what Miss B is referring to here, as far as I can see. Miss B feels processes aren't being followed and that because of this, she's being discriminated against.

While I won't be addressing Miss B's fraud complaint in this decision (as this has been considered under another case with our service), I think the call between Miss B and Barclays where Miss B made them aware about being scammed and that she wanted a refund for the transactions, is relevant to Miss B's feelings of discrimination. I say this because from listening to the calls about the scam, I gathered that if there is a process in place Miss B expects it to be followed by Barclays – Miss B makes a comment that she expects there's a process in place to refund customers who have been victims of fraud. When the process isn't followed, Miss B feels it's unfair and feels she's being discriminated against – like when Barclays later told Miss B they're not able to give her an automatic refund for the fraudulent transactions. I can understand why Miss B feels this is unfair.

Miss B also tells Barclays she's a vulnerable customer and that she expects them to take extra care with her and to do things differently - this is something Miss B makes Barclays aware of in some of the other calls she had with them about her complaint and also about the loan. I understand Miss B is a vulnerable consumer and we expect businesses like Barclays to take vulnerabilities into consideration. So, because of this, there may be times where Barclays have to change their approach or take a different route with a customer, which may differ from their usual process.

The earliest piece of evidence I have of Miss B telling Barclays she wants them to communicate with her in writing is during a call on 26 May 2021 – Miss B called Barclays as she said they'd written to her asking her to call them about her account and that there wasn't an address on the letter for her to write to. Following this instance, Miss B called Barclays a few times - to discuss her complaint, the letters she received from Barclays and also the status of her account as she was unfortunately a victim a fraud. There was also a further call in September 2021 where Miss B says she was happy to receive a call back from Barclays. With this in mind, it seems to me there were times where Miss B was able to speak over the phone but also times when she wasn't able to and I think Barclays ought to have picked up on this.

Overall, I think Barclays identified Miss B was vulnerable when she made them aware of her mental health conditions in November 2020. But I don't think Barclays got to grips with Miss B's communication preferences changing at different points – as I've mentioned, there were times where Miss B wanted to communicate with them on the phone and there were other times she wanted to communicate only in writing. While I don't think it was straightforward, I think Barclays should have done more to identify Miss B's communication preferences at different times.

Going forward, I think Barclays should consider a flexible process in terms of their communication with Miss B. And as I've explained, I expect Barclays to work out if Miss B is able to have a conversation or if it's better to communicate with her in writing whenever they need to contact Miss B. However, I think working out the best communication method is the responsibility of both Miss B and Barclays. So, with that said, it's important for Miss B to engage with Barclays when they need to communicate with her and that she helps them work out if it's the right time for a call or if it's best they communicate with her via letter.

Putting things right

As explained above, I require Barclays to:

- Refund the interest and charges on the loan to Miss B as previously agreed and remove any interest and charges going forward.
- 3) If an outstanding balance remains once these adjustments have been made, Barclays should contact Miss B to arrange a suitable repayment plan for the outstanding balance, after carrying out an assessment of Miss B's financial situation.
- 4) If an outstanding balance doesn't remain, remove any adverse information about this loan from Miss B's credit file. And any credit remaining should be treated as overpayments and returned to Miss B.
- Pay 8% simple interest a year on any overpayments from the date they were made (if applicable) to the date of settlement.*
- Pay Miss B the £200 compensation.

**If Barclays Bank UK PLC consider that they're required by HM Revenue & Customs to withhold income tax from that interest, they should tell Miss B how much they've taken off. They should also provide Miss B with a tax deduction certificate if she asks for one so she can reclaim the tax from HM Revenue & Customs if appropriate.*

My final decision

For reasons explained, I uphold this complaint and I require Barclays Bank UK PLC to carry out the actions as set out in the 'putting things right' section of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 16 January 2023.

Leanne McEvoy
Ombudsman