

DRN-3873551



The complaint

Miss S complains that Barclays Bank UK PLC trading as Barclaycard ('Barclaycard') closed her credit card account following an alleged period of persistent debt without giving her the warnings set out in the relevant guidance.

What happened

Miss S held a credit card with Barclaycard. Barclaycard says that the account payment history meant that it was in persistent debt from April 2020. It says that it emailed her each month in relation to this between May 2020 and January 2021, setting out the monthly payment she needed to make in order to get out of persistent debt. It says that it wrote to Miss S on 23 February 2021 to confirm that she was in persistent debt, and again providing monthly payment level which would get her out of this.

Barclaycard says that it wrote again on 19 October 2021 to confirm that the account had been in persistent debt for 36 months, and to offer a paydown plan. That letter says that, unless a paydown plan is put in place, that the account will be suspended on 29 December 2021.

Miss S says that she did not receive any of this correspondence. She says that she received a text message on 16 November 2021 warning her that her card would be suspended on 29 December 2021, and that this came as a surprise to her. She says that she then received an undated letter which required her to pay the balance in full by 29 December 2021 to avoid this suspension. She says that, in the circumstances, Barclaycard had not complied with the relevant guidance, which sets out that letters must be sent out at key points before taking such action in relation to persistent debt. Miss S says that she contacted the bank by telephone, and was told that her account would likely be closed even if she were to pay the balance in full.

Barclaycard says that, following this call, it sent a further letter on 2 December 2021. The letter says that the account would be suspended as it had been in persistent debt for 36 months. That letter also says that a review will take place upon the account coming out of persistent debt. It says that the decision as to whether to close the card would be taken at that review.

Miss S cleared the balance on the account in January 2022. Barclaycard wrote to Miss S to let her know it had decided to close the account around 2 February 2022, and closed the account around 20 April 2022.

Our investigator thought that Barclaycard had treated Miss S fairly. They thought that it had communicated appropriately with Miss S and that the account had been closed appropriately. They said that complaint handling could not be assessed as part of their investigation, as it is not a regulated activity.

Miss S did not agree and so this has come to me for a final 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.

I can see Miss S raises a number of concerns about Barclaycard's engagement with her complaint. There is a difference between a complaint about a financial service and a complaint about how a firm has handled a complaint. I can only look at the former. Miss S's concerns about Barclaycard's response (or lack of) to her complaint is not a complaint about Barclaycard's provision of or failure to provide a financial service – it's distinctly about complaint handling. And under our rules I cannot consider complaint handling.

I have considered whether it was reasonable to assess Miss S's account as being in persistent debt. Having considered the account statements from the relevant period, I am satisfied that Miss S paid more in interest and charges than she repaid off the balance in the relevant period. In these circumstances, it was reasonable to assess her account as being in persistent debt.

The bank's records show that a particular email template with a particular reference was sent on a monthly basis over the period the bank has described. While I cannot see the specific emails which were sent, I am satisfied that the email template I have been shown, with the same reference number, is accurate. It describes the persistent debt and gives the monthly payment which would need to be made to address this. I have considered the email address which the bank held for Miss S over the relevant period. It is the same one which has been used during the course of correspondence with this service. In the circumstances, I am satisfied that Barclaycard was emailing Miss S appropriately over the relevant period, giving her the information she needed to act upon in relation to the persistent debt.

I have considered the letters which the bank describes. Similarly to the emails, I can see from Barclaycard's records that standard letters were sent out in January 2021 and October 2021. These are described as 'Persistent Debt 27 month letter' and 'PD36 letter'. The log describes an amount which Miss S would need to pay to get her account out of persistent debt. I have considered the address which the bank held for Miss S. It is the same as the one which has been used in correspondence with this service. I am satisfied in the circumstances that the letters were sent as described and sent to the correct address.

In relation to both the emails and the letters, I am satisfied that they were sent properly by Barclaycard. It could not control whether or not these were received or read. But it complied with the relevant guidelines by sending Miss S appropriate communications in relation to the persistent debt.

The letter from Barclaycard of 2 December 2021 makes clear that the account might be closed following a review, even if the account comes out of persistent debt. Miss S says that the bank staff member was threatening her when she was told that this was likely. But that information proved correct. Following a review, and in line with the warning it had given in its letter of 2 December 2021, Barclaycard decided that it would close the account. In line with term 19 of the terms and conditions of the account, Barclaycard gave Miss S two months' notice of the account closure. The letter gives the reasons as being the affordability of the credit to Miss S, together with what it knew about her situation. I am satisfied that Barclaycard was entitled to do this and that it acted fairly and reasonably toward her in the way that it communicated throughout.

I can understand how disappointing this will be to Miss S, but I am satisfied that Barclaycard has acted fairly and reasonably toward her. I am not going to ask it to do anything more.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 18 May 2023.

Marc Kelly
Ombudsman