

The complaint

Mr R is complaining Barclays Bank UK PLC applied a default on his credit file after he missed a repayment on his fixed sum loan agreement.

What happened

In March 2020 Mr R entered into a fixed sum loan agreement provided by Barclays to borrow £18,800. However, in November 2021 Mr R's monthly repayment bounced, so Barclays wrote to him to say it would reattempt the payment in 7-10 days. This letter was returned to Barclays to say that Mr R had moved away. Barclays second attempt at making the payment also failed.

Barclays attempted to trace Mr R but weren't able to do so. In January 2022 Barclays issued two default notices to the address it had on file advising him that he needed to make contact. As the account remained in arrears, Barclays placed a default on Mr R's credit file. Shortly after, Mr R called Barclays to say he'd noticed his February 2022 payment hadn't gone through. And he paid his February payment and also the missed payment from November.

In June 2022 Mr R complained that there was a default on his record as he'd applied for a mortgage but had been declined. And he wanted Barclays to remove the default. Barclays didn't uphold Mr R's complaint, so he referred his complaint to this Service.

Our investigator upheld this complaint as she didn't think Barclays had done enough to contact Mr R to advise him he was in arrears. And she highlighted that it had only made one attempt to call him and had been writing to an address it knew Mr R didn't reside at.

Barclays didn't agree with the investigator as it said it had followed the "*Principles for the Reporting of Arrears Arrangements & Defaults (PRAAD)*". And it said Mr R was in the situation he was in because he didn't advise it of his change of address.

As Barclays didn't agree with the investigator, the complaint's 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've decided to uphold this complaint and I'll now explain why.

I acknowledge Barclays' comments that it's followed the PRAAD. However the issue is that it was writing to an address it knew Mr R wasn't residing at. Firstly, I think it's arguable that sending default letters to an address that it knows Mr R wasn't residing at is a breach of the General Data Protection Regulation. But that isn't the issue that I'm being asked to decide. So I'm not going to comment any further on this. The issue for me to consider is whether Barclays took sufficient and reasonable steps to notify Mr R that his account was in arrears. I don't think it did.

Once the initial letter it sent was returned, I would have expected Barclays to use other

reasonable methods of communication to contact Mr R – e.g. telephone or email. However, it seems Barclays only made one attempt to telephone Mr R in January 2022 – two months after it became aware it had a wrong address for him. I don't think this was fair and reasonable and I would have expected Barclays to have called him sooner. It could also have sent an SMS message advising him of the missed payment.

Barclays has also confirmed that Mr R provided it with an email address when he first applied for the loan, so it could have also emailed him to advise him of the issues.

I'm not saying that Barclays should have done all of these, but it's clear that there were numerous options available to it to contact Mr R to advise him of the arrears other than continually writing to an address it knew Mr R did not live at. And I'm satisfied that, had it taken further and more reasonable steps to notify Mr R of the issue, he would have made the payment and the default wouldn't have been applied. So it follows that I think Barclays should remove the default marker.

That said, I do agree that Mr R has to take some responsibility for what happens. It was his responsibility to ensure Barclays had accurate information about him – i.e. he should have updated his address when he moved house – and also ensure that there were sufficient funds in his account for the monthly payments to go through. So I'm not requiring Barclays to compensate him for any losses that he may have incurred as a result of any adverse markers on his credit file.

My final decision

For the reasons I've set out above, it's my final decision that I uphold this complaint and I require Barclays Bank UK PLC to remove the default from Mr R's credit file. I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 31 March 2023.

Guy Mitchell

Ombudsman