

The complaint

Mr B complains that Barclays Bank UK PLC trading as Barclaycard defaulted his two accounts despite agreeing payment plans.

What happened

I issued my provisional decision on this complaint on 4 January. This is what I said:

Based on what I've seen so far, I intend to uphold it, so there will be a different outcome to what our investigator proposed. Before I issue my final decision, I wanted to give everyone a chance to reply.

I'll look at any more comments and evidence that I get by 1 February 2023. But unless the information changes my mind, my final decision is likely to be along the following lines.

The complaint

Mr B complains that Barclays Bank UK PLC trading as Barclaycard defaulted his two accounts despite agreeing payment plans.

What happened

Mr B had an overseas business and, due to the Covid-19 pandemic, his financial affairs were severely affected.

In 2021, Mr B's business was still recovering and in October he missed payments on his two Barclaycard accounts.

By December 2021, Mr B had missed three payments on his accounts and Barclaycard issued default notices setting out a payment deadline of 21 February 2022.

Mr B contacted Barclaycard on 27 January 2022 and a Barclaycard representative put a 30 day hold on the card and said a default could be avoided if a payment arrangement was set up before 28 February 2022.

Mr B contacted Barclaycard before the 28 February 2022 and set up payment plans on both his accounts.

However, Barclaycard subsequently registered defaults on both accounts. This is because the deadline to avoid a default was the 21 February 2022 and Mr B's actions, including agreeing a payment plan, were too late.

Mr B complained to Barclaycard. They accepted mistakes had been made in stating the 28 February 2022 and agreeing a plan after the default notice deadline. Barclaycard apologised for this and offered Mr B £150.

However, Barclaycard said they wouldn't reverse the defaults. This is because they sent letters confirming the deadline to prevent defaults occurring and Mr B had not made any payments since 14 September 2021. They added that they are obliged to report information

to credit reference agencies.

Mr B complained to our service and our investigator didn't think there were grounds to ask Barclaycard to remove the defaults. She also thought the amount of compensation offered was a fair resolution.

As Mr B remains dissatisfied this case has now been referred to me to look at.

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.

Having done so, I have come to a different view to the investigator and I intend to uphold this complaint.

I first considered how Mr B was impacted by Covid-19 and I'm satisfied that he had characteristics of vulnerability according to the Financial Conduct Authority's guidance on this topic.

I then listened to Mr B's calls with Barclaycard and also looked closely at the errors that Barclaycard have acknowledged.

Regarding the first Barclaycard error in January 2022. A Barclaycard representative talks about placing a 30-day hold on Mr B's accounts and clearly informs him of ways to avoid a default. He says Mr B can either bring his accounts up to date or put an arrangement in place before the 28 February 2022. And, although the default notice, dated 21 January 2022, has a different deadline of 21 February 2022 it stated:

"If you're unable to make this payment, you must call us immediately on 0800 161 5258 and enter an arrangement to clear your arrears. We're here 8am - 9pm Monday - Friday and 9am - 4pm Saturday. If the action required by this notice is taken before the date shown, the action below will not be taken in respect of the breach."

So, I consider the purpose of the letter to be a prompt to action and Mr B followed the instructions. Mr B called Barclaycard and, as he intended to set up an arrangement, I think it was reasonable of him to both believe and diarise what he was told - that the 28 February 2022 was the deadline to avoid a default.

I'm persuaded that it was Mr B's intent to set up a payment arrangement. This is because he talks about the importance of avoiding a default, says he will get in touch to set up an arrangement and talks about diarising the deadline date. Also, he comments on his business and finances picking up following the Covid-19 crisis.

Furthermore, Mr B does get in touch before 28 February and a payment plan is both discussed and approved.

So, I think it is unfair for Barclaycard to maintain that the 21 February 2022 was the deadline. Also, I found it difficult to understand how Barclaycard could then make a second error as, if the default action had already occurred on 21 February 2022, Mr B should've been informed of this on the calls dated 24 and 25 February 2022 and not led to believe the payment plan negated default action.

So, considering the above including Mr B's vulnerability and Barclaycard's approval of a payment plan, I think the fair and reasonable action should've been for Barclaycard to have

honoured the deadline 28 February and the payment plan that was agreed prior to this date.

So, I'm upholding this complaint as I don't think it's fair or reasonable for Barclaycard to have defaulted Mr B's accounts here. Barclaycard should remove the default and any adverse information recorded from February 2022. Also, Barclaycard should honour the payment plan agreed on 25 February 2022.

In addition, to recognise the distress and inconvenience caused by their errors including the unfair processing of a default, Barclaycard should pay Mr B £250 compensation.

My provisional decision

For the reasons I've given above, it's my provisional decision to uphold this complaint. I require Barclays Bank UK PLC trading as Barclaycard to:

- remove any adverse information recorded from February 2022 including the default;*
- bring back the account from any third-party collection agent (if this is the case) so that Barclaycard can implement the payment plan agreed in February 2022;*
- pay £250 compensation for distress and inconvenience less any amounts already paid in connection to this complaint*

I'll look at anything else anyone wants to give me – so long as I get it before 1 February 2023. Unless that information changes my mind, my final decision is likely to be as I've set out above.

Both parties responded before the deadline.

Mr B agreed with the provisional decision and said:

"I have no further information to put forward regarding my case".

Barclays also agreed the provisional decision and said:

"In the circumstances, we agree to the recommendations outlined in your Provisional Decision. If Mr B agrees please let me know and I will amend his credit reference data, we will bring the accounts back from the debt collection agency and we will set up the repayment plans as agreed in February 2022".

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.

Having reconsidered everything including the responses received, I see no reason to depart from my provisional decision, which I adopt in full as part of this final decision. I'm satisfied Barclays treated Mr B unfairly and I'm pleased to note it agrees it needs to take steps to put things right.

My final decision

My final decision is that I require Barclays Bank UK PLC trading as Barclaycard to:

- remove any adverse information recorded for Mr B from February 2022 including the default;
- bring back Mr B's account from any third-party collection agent (if this is the case) so that

the payment plan agreed in February 2022 can be implemented;

- pay Mr B £250 compensation for distress and inconvenience less any amounts already paid in connection to this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 15 February 2023.

Paul Douglas
Ombudsman