

The complaint

Mr T complains that Barclays Bank UK PLC trading as Barclaycard didn't remove a record of a default on his credit file when it said it would.

What happened

Due to ill health Mr T was unable to meet the monthly payments due to his credit card. Mr T says Barclaycard didn't contact him about his arrears or tell him that it intended to default the account.

Mr T says he first learnt about the default when a third-party debt collection firm contacted him, and he checked his credit file. Mr T contacted Barclaycard and he says he was told that the default on his credit file would be removed. But on checking his credit file again, Mr T says the default is still showing.

Barclaycard says the last monthly contractual payment received to Mr T's account was in December 2020. It said that in addition to providing regular statements of account, it also wrote to Mr T – at the address held on its records, about the arrears on the account. This included a default notice dated 3 July 2021. As Mr T didn't make any further payments to his account, Barclaycard defaulted the account and sold the debt to a third-party debt collection firm.

Barclaycard didn't agree that it had told Mr T the default would be removed from his credit file. Rather, it says it explained to Mr T that it had updated his credit file to show the debt had been sold to a third-party and that the third-party would take ownership of reporting the default on his credit file.

Mr T referred his complaint to this service. One of our investigators looked into, but she didn't uphold it. She found that Mr T hadn't maintained his contractual payments and Barclaycard had defaulted his account correctly. Mr T didn't accept this outcome. He said he didn't receive any correspondence from Barclaycard about his account being defaulted and that he had a call recording from Barclaycard confirming that the default would be removed.

The investigator listened to the call recording. But she didn't agree that Barclaycard said it would remove the default from Mr T's credit file. She said Barclaycard had told Mr T that the default will be closed by it and taken over by the third-party debt collection firm. Mr T disagreed with the investigator's findings, so his complaint has been passed 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.

Having done so, I've reached the same overall conclusion as the investigator. I can see Mr T feels very strongly about this matter, so I appreciate he will be disappointed with the outcome I have reached. So, I will explain why.

As I see it, there are two parts to the crux of Mr T's complaint. Firstly, he didn't receive any correspondence from Barclaycard telling him it intended to default his account. And, secondly, that he was later told by Barclaycard that the record of the default recorded on his credit file would be removed. I will deal with each issue in turn.

Did Barclaycard act fairly when it defaulted Mr T's account

It's not in dispute that Mr T was unable to maintain his payments. I appreciate that this was because of ill health, but I've not seen anything that would make me think that Mr T contacted Barclaycard to seek support due to being in financial difficulty.

As such, I find that it wasn't unreasonable for Barclaycard to treat Mr T's account as being in arrears. The terms and conditions of Mr T's account explain that when payments are missed *'your records with credit reference agencies may be affected, meaning it may be harder or more expensive for you to borrow in the future'*. And I think its most likely that Mr T would have agreed to these terms when he opened his account.

Furthermore, I've also seen that Barclaycard sent statements to Mr T each month in the first half of 2021. These statements are addressed to the same address as this service holds for Mr T and Mr T hasn't said that he didn't receive these statements. I find the statements make it clear what Mr T needed to do to bring the account up to date and the consequences of not doing so which again included information about the impact on Mr T's credit file.

Overall, I find that Mr T should have been reasonably aware of the status of his account and the consequences of not making payments to his account. As Barclaycard has an obligation to report factual information to the credit reference agencies (CRA) about the conduct of an account, I'm satisfied it didn't do anything wrong by reporting the missed payments on Mr T's credit file.

As the investigator explained, guidance provided by the Information Commissioners Office (ICO) says a lender can default an account when three to six monthly payments have been missed. From Mr T's statements, I can see that that by June 2021, no payments had been made to his account since December 2020. So, I don't find that Barclaycard was wrong to consider Mr T's account to be in default.

But I would expect Barclaycard to make Mr T aware of its intention to default his account and the consequences of such action. Mr T says Barclaycard didn't contact him about this. But Barclaycard has provided a copy of a default notice it sent to Mr T. The default notice is dated 2 July 2021 and is again addressed to the same address as we hold for Mr T. I've also looked at Barclaycard's system notes pertaining to Mr T's account. And I'm satisfied that these notes show a record of the default notice as being sent. Given this, I'm persuaded that Barclaycard sent the default notice to Mr T. I accept he may not have received it, but I can't hold Barclaycard responsible for any issues with the postal system.

The default notice set out what Mr T needed to do to bring his account up to date to stop the default from being registered. But subsequent statements don't show that any further payments were received. So, I haven't found that Barclaycard did anything wrong when it defaulted Mr T's account. And in these circumstances Barclaycard is entitled to sell the debt to a third-party debt collection firm.

Overall, I'm persuaded that Barclaycard provided Mr T with enough information for him to know that his account was being defaulted and the consequences of that action. And that it didn't do anything wrong when it sold the debt to a third-party debt collection firm.

Did Barclaycard tell Mr T that the default would be removed from his credit file.

Mr T has provided a recording of call he had with Barclaycard. It wasn't clear if this call recording was from 2021 when Mr T first contacted Barclaycard about the default, or from a later date. So, we have since asked Barclaycard to provide any call recordings it has.

Barclaycard has said that it no longer has a call recording from 2021, but it was able to provide a recording of the call from 2022. I've listened to both Mr T's call recording and the call recording provided by Barclaycard. And I find that they are recordings of the same call. And I'm not persuaded Barclaycard told Mr T that the default would be removed from his credit file. I'm satisfied Barclaycard said the record of the default would be 'closed' by it and replaced by the third-party.

I think it would be helpful to explain that when a debt is sold there should only be one record of a default on the account holders credit file. I haven't seen a full copy of Mr T's credit file report. But Mr T has provided a screenshot of the entry he is concerned about. I'm satisfied this shows that the default is now recorded by the third-party debt collection firm and not Barclaycard. So, based on what I've seen, I'm satisfied that Mr T's credit file has been updated to show that the default record has been passed to the third-part debt collection firm as Barclaycard said it would. I understand that Mr T has agreed repayment terms with the third-party debt collection firm, so it's for that firm to keep Mr T's credit file up to date about his account.

Overall, I've not found that Barclaycard told Mr T that the default would be removed from his credit file. And based on what I've seen I'm satisfied that Mr T's credit file reflects an accurate status of his account. So, I won't be asking Barclaycard to take any further action in respect of this complaint.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 25 May 2023.

Sandra Greene
Ombudsman