

The complaint

Miss T complains that Barclays Bank UK PLC trading as Barclaycard ('Barclaycard') withdrew from a payment plan it had agreed with her. She doesn't believe it's treated her fairly.

What happened

I issued my provisional decision on this complaint and invited both parties to let me have any comments or further evidence by the deadline. Below is a copy of my provisional decision.

What happened

Miss T fell into financial difficulty and contacted Barclaycard in mid-June 2021 to discuss her situation. She completed an income and expenditure assessment which identified a monthly disposable income of £39. Barclaycard said it could put Miss T on a reduced payment plan over period of 12 months where she would be expected to pay £10 a month. Miss T commenced payments.

Barclaycard attempted to contact Miss T on the 20 August 2021 about the arrangement. However, Miss T wasn't sure if it was genuinely the bank. She asked Barclaycard to confirm if it had called her.

Barclaycard responded on 13 September 2021, confirming it had indeed called. It said its advisor had made a mistake in accepting £10, as this was lower than the disposable income amount and this didn't meet its criteria. Therefore, it hadn't put a formal plan in place. It acknowledged there had been shortcomings in not getting things right, apologised and offered to pay £75 compensation for any distress and inconvenience caused.

Barclaycard added that if Miss T's circumstances hadn't changed it could still put her on a reduced payment arrangement for £39 or if her circumstances had changed, it could look at other options. But to do this, it would need Miss T to contact it.

Miss T didn't think Barclaycard were being fair. She couldn't understand how it could have reneged on the agreement - there hadn't been anything to suggest the arrangement was subject to further approval.

Miss T referred her complaint to our service. In doing so, she explained Barclaycard's actions had had a detrimental effect on her well-being and that she'd been close to a breakdown as a result. She wanted the bank to honour the original arrangement. Her other creditor had accepted a £1 a month. Meanwhile, she had continued to pay Barclaycard £10 a month. Her financial situation was worse now than it had been in June 2021.

Barclaycard sent Miss T some further letters, together with a notice of default on 25 October 2021, asking her to contact it by 25 November 2021.

Miss T told our investigator that she'd written to Barclaycard in October and December 2021, but she hadn't got a response.

Barclaycard defaulted the account in December 2021.

One of our investigators considered the complaint. In summary, he said:

- *In learning Barclaycard couldn't accept £10 Miss T would have been extremely upset and disappointed.*
- *She'd been on a non-existent plan for £10 (through no fault of her own) and as a result, she'd also been charged interest and other charges between July and August 2021, which wasn't right. However, Barclaycard had now agreed to refund this (a £12 fee, £140.84 and £152.34 interest charges).*
- *Overall, he didn't think Barclaycard had been unreasonable in recording the default. It had encouraged Miss T to contact it to discuss her account/circumstances after notifying her of the mistake. But there was nothing to show she had got in touch or it had received her letters from October and December 2021.*
- *He couldn't comment on what another creditor had done.*

No further compensation was recommended.

Miss T responded to say she didn't accept the investigator's conclusions. She asked that her complaint be passed to an ombudsman and highlighted the following points:

- *She maintained she hadn't been treated fairly in relation to the payment plan.*
- *She hadn't accepted the £75 as it was a paltry sum for what she'd been put through.*
- *The advisor didn't mention she had a disposable income of £39. Had they she would have explained this was non-existent given her circumstances.*
- *She didn't dispute Barclaycard recording the default as that was part of the process. Her other creditor had done the same when it had agreed to accept £1 a month.*
- *It was convenient Barclaycard hadn't got these letters when it had got earlier correspondence.*
- *The Financial Ombudsman Service' leaflet hadn't been enclosed with a letter.*

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.

The first thing to say is I don't think it'd be fair to bind the bank to an arrangement that it only put in place through a mistake. Ultimately, it's for Barclaycard to decide what it's willing to accept in relation to any payment arrangement which represents a concession from the contractual payments. So, I'm afraid there's no reasonable basis on which I can require Barclaycard to honour the original agreement.

Barclaycard realised that it shouldn't have accepted £10 and it told Miss T what the actual situation was (albeit it this was two months later). It says that she should have been told that she'd need to pay the £39. But Miss T couldn't do that – she says she didn't actually have £39. And that this figure wasn't mentioned or discussed with her. Based on this and the fact that Miss T's financial difficulties weren't short term, I don't think Barclaycard would've been

in a position to agree to a reduced payment arrangement without defaulting the account and passing it over to its collections team (where there's usually greater flexibility to accept lower payments based on circumstances).

In which case, the account would have defaulted as it eventually did. But potentially a little earlier, following Miss T's call in June 2021. More likely by July 2021 once the default notice ought to have been triggered and expired. So, I think there's a strong case to say that Barclaycard should amend the date of the default to July 2021 instead of December 2021.

The investigator was correct in the sense that Barclaycard shouldn't have charged additional interest and other charges in July and August 2021. Because as set out above, the account should have defaulted by then. Barclaycard has acknowledged this and now refunded these amounts to the account balance. I think this is fair and reasonable.

As set out above, Barclaycard didn't deal with things very well – it should have told Miss T that it couldn't set up a formal arrangement in June 2021. Miss T has told us it took a lot of effort and courage for her to face up to her financial difficulties and contact Barclaycard in June. It wasn't an easy thing for her to do. So, I can understand how distressing and disappointing it would've been for her to discover two months later that what she believed had bought her some relief wasn't possible.

Thinking about this and what Miss T has told us about the anxiety she felt learning of the error, I don't believe £75 goes far enough. I think this needs to be increased to £200, as I think £200 is more reflective of the impact - this was clearly more than frustration and annoyance – it was a highly upsetting and triggering situation for Miss T.

Other matters

I don't doubt Miss T sent Barclaycard the letters she's mentioned but there's nothing on its notes to say they were safely received. So, I can't say it made a mistake in not issuing a response.

I'm sorry to hear that our leaflet wasn't sent to her but strictly speaking this is a concern about complaint handling rather than a financial service, and complaint handling isn't something our service has the power to consider in isolation. But in any event, I'm pleased to note that Miss T was still able to refer matters to us.

Moving forwards Miss T has continued to pay Barclaycard £10 a month. But she's also indicated that her situation is worse now compared to June 2021. If this is the case, I would urge her to contact the bank's collections team.

My provisional decision

My provisional decision is that I intend to uphold this complaint in part and require Barclays Bank UK PLC to:

- amend the date of the default on Miss T's credit file to July 2021;*
- refund the interest and other charges noted above (if it hasn't already done so); and*
- pay Miss T £200 for the distress and inconvenience caused. When responding, I'd like Miss T to let me know if she'd like that compensation paid directly to her or for Barclays Bank UK PLC to use it to reduce her outstanding credit card debt with it.*

Miss T responded to my provisional decision to say that while she didn't agree with everything, she did accept my conclusions. She wanted Barclaycard to pay the £200 to her

directly but wondered how the interest and charges refund would work given that the debt had been sold to another business. She added that the new owner had told her that it had details of a payment arrangement of £10 per month which had alarmed her. Barclaycard had investigated these further issues separately as a complaint and paid compensation for this.

Barclaycard also responded to my provisional decision. It offered re-date the default to September 2021. It said it would usually wait until the account was three to six months in arrears before triggering a default and in September the account would have been three months in arrears.

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.

Barclaycard made no comment on the compensation amount I intended to award for the distress and inconvenience caused. So, I see no basis to change that figure as part of this final decision. However, Barclaycard should note that Miss T has asked that the £200 be paid directly to her. So that's what I'd expect to happen.

Barclaycard suggested it would be reasonable to re-date the default to September 2021 and provided its rationale. So, I asked the investigator to put this to Miss T as it wasn't unreasonable given that defaults are generally triggered between three to six months. Miss T said she was agreeable to accepting this and a few extra months wouldn't make a difference. So, in resolving this complaint the default should be re-dated to September 2021.

Miss T made me aware that the outstanding debt had been sold by Barclaycard. She expressed concerns about how this would affect the refund of interest and charges she's due. On this point, Barclaycard did indicate to our investigator that it had already refunded these. But in the event that it hasn't it should liaise with the new debt owner to ensure that the refund is used to reduce the outstanding balance. It should also give Miss T proof that the debt has reduced accordingly.

I would urge Miss T to contact the new debt owner to see what help it can offer her.

Finally, both Miss T and Barclaycard provided some background information in relation to later issues which were reviewed as part of a new complaint. The information has been helpful in understanding what's happened since I first reviewed the case. But for clarity, I make no further comment on those matters as part of this final decision – they are separate.

My final decision

My final decision is that Barclays Bank UK PLC trading as Barclaycard should:

- amend the date of the default on Miss T's credit file to September 2021;
- refund the interest and other charges noted above. And if it hasn't already done so to liaise with the new debt owner to ensure this happens;
- provide Miss T with written proof that the refund has been used to reduce her outstanding balance; and
- pay Miss T £200 for the distress and inconvenience caused to an account she nominates.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or

reject my decision before 8 March 2023.

Sarita Taylor
Ombudsman