

The complaint

Mr P complains that Barclays Bank UK PLC (trading as Barclaycard) sold his credit card debt to a third-party firm without taking his personal circumstances into consideration. Mr P would like Barclaycard to write his debt off.

What happened

Mr P opened the credit card account in 2006. Barclaycard sent him a notice of default in June 2013, and Mr P responded to say he would only be paying £1 per month to his debt. In July 2017 Barclaycard sold Mr P's credit card debt to a third-party firm and told him the balance was still payable. In June 2020 Barclaycard responded to Mr P's request for a copy of his credit agreement to say that it couldn't provide a copy, but the debt was still payable.

Mr P states that Barclaycard are members of Lending Standards Board and its code of practice states that instead of selling accounts when they were aware of his situation and his limited ability to make payments for many years, they should not have sold the account but should have written off the outstanding balance.

Mr P complained to Barclaycard and said they have always been aware of his financial position and mental health. He said its treatment of him ever since and especially since February 2020 has made matters much worse, hence his further complaint.

Barclaycard responded to Mr P saying his debt was legally enforceable. Barclaycard said Mr P was bound by the terms and conditions of his credit agreement and these allow it to provide information to credit reference agencies and sell the debt to a third party. Subsequently the third-party business told Mr P his credit card debt had been written off so that nothing further was owed on the account. Mr P was pleased his circumstances had been recognised, but said he wanted compensation for Barclaycards' actions and the stress it had caused.

Mr P referred his complaint to our service, but our investigator didn't recommend that it be upheld. He said that the Standards for Lending Practice state that where a firm is aware a customer has an ongoing mental health or critical illness affecting their ability to repay their debt, the debt shouldn't be sold. But he said there's nothing in notes from 2010 onwards to indicate that Mr P had a vulnerability, or that Barclaycard ought reasonably to have been aware he was vulnerable. He said Barclaycard gave Mr P notice before selling on the debt.

Mr P wasn't satisfied with this response and requested his complaint be reviewed by an ombudsman. He said he had told Barclaycard on many occasions of his situation which it didn't record or has destroyed. And anything Barclaycard has said about its handling of the account is not factual and can't be relied upon.

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.

Mr P has brought a complaint about a similar situation, but this has been considered separately as it involves a different business. The present complaint is relevant to his credit account ending 4**1. I have accepted that Mr P brought a new complaint about this account

to Barclaycard in October 2020, and so it isn't time-barred. Barclaycard responded to Mr P's further complaint in January 2021 and in so doing gave him referral rights to our service.

I've considered the timeline of events and communications in Barclaycards' handling of Mr P's credit card account to see if it acted within the terms and conditions of the account and treated him fairly. I have seen that the debt wasn't transferred to a third-party immediately it got into arrears, and I have seen that Barclaycard gave Mr P reasonable notice about the transfer of the debt by means of a notice of assignment.

Mr P has referred to the 'Standards for Lending Practice', which he says Barclaycard breached. This code states that where a firm is aware that a customer has an ongoing mental health or critical illness that affects the customer's ability to repay their debt(s) or that a customer is terminally ill, the debt(s) should not be sold.

I've looked carefully at Barclaycard's records to see what it knew about Mr P's situation including its notes of emails and calls. I can see its requests to Mr P to make payment of the minimum specified sum to maintain the outstanding repayment arrangement, and that over time Mr P also raised other issues. However, I haven't seen any note of a communication from Mr P to indicate that he has suffered the difficulties that he has described to us.

From the records, I think the transfer of Mr P's account from Barclaycard to a third-party firm was carried out in accordance with the relevant term of the credit card account and wasn't in breach of the 'Standards for Lending Practice'. I sympathise with Mr P for the problems he has faced with his health and finances, but I'm pleased his credit card debt has now been written off and that he will not face any recovery action.

I haven't seen anything to contradict the conclusion reached by the investigator that Barclaycard was unaware of Mr P's issues at the time of the transfer of his account or that it treated him unfairly. It's inherently stressful to be in a debt situation, but as I haven't found that Barclaycard acted wrongly, I don't think it would be fair for it to pay Mr P any compensation for the stress he has suffered.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

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

Andrew Fraser
Ombudsman