

The complaint

Miss P has complained about the way Barclays Bank UK PLC (trading as Barclaycard) dealt with her when she was unable to make her credit card payments due to financial difficulty.

What happened

Miss P's first missed credit card payment was in December 2021. Barclays put 'breathing space' holds on the account in January, February, March and April 2022. After the minimum payment was missed for four months, the card was cancelled on 6 April 2022 and a default notice sent on 7 April 2022. Miss P paid off the arrears in full around that time and then made an arrangement to pay £79 per month in May 2022.

Our investigator thought that Barclays had acted within the terms and conditions of the credit card agreement and so did not uphold the complaint. Miss P disagrees with the investigator's opinion and so the complaint has been passed to me for a 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.

I've listened to the calls that Miss P had with Barclays.

Following her first missed payment, Miss P rang on 24 January 2022 to explain her situation. This was that she was self-employed and that a contract had fallen through. However, she'd had confirmation that it would start the following month and so she thought she'd be able to catch up by March 2022 and would be able to maintain her minimum payments thereafter. So, the indication at this point was that Miss P would probably miss three payments and then resume normal management of the account.

Barclays offered to put her account on hold for 30 days. It was explained that she could ring up again to arrange a further hold. The adviser then read out a statement with regard to the hold that said: *'During the hold late payments will continue to be reported on your credit file and this could make it harder for you to get credit in the future as well. You are unable to spend on the card while it is on hold and any further missed payments could result in your card being cancelled. This means you're not able to spend on the card again and once your balance is cleared your account will be closed permanently. We will not apply interest and fees on your next statement. If we have not heard from you in the next 30 days we will assume you are able to make your standard monthly payments and will reinstate interest. You will not be charged additional fees whilst you are behind with payments. You may receive your monthly statements asking you to make your new minimum payment. Although this will be higher, we understand that you are unable to do it at the moment and will send you a letter to confirm what we have agreed today.'* Miss P then queries that the account will be closed once she'd paid off the arrears and is told that would only happen if she continued to miss payments.

Miss P then rang Barclays on 16 February 2022 saying she was confused because she'd received an arrears notice even though the account was on hold. The adviser explains that was because two direct debits for the minimum payment had been missed. Although Miss P was adamant that was not what was agreed, having listened to the call on 24 January 2022, I'm satisfied she was told that she'd still get bills asking for the minimum monthly payment and that late payments would be recorded, although it understood that she wouldn't be able to pay them until she got paid in March 2022.

On 7 March 2022 Miss P called Barclays to arrange a further hold on the account but explained that she expected to be starting a permanent job soon. She says she doesn't want to enter into any sort of agreement and just wanted to pay it all back. The adviser tells Miss P that she is currently three months behind and that, if she was planning on clearing the arrears, it would have to be the full minimum payment which would probably be over £400 at the next statement date. He asks Miss P if that would be affordable to clear, to which she replies: *'once I get this job it will'*.

The adviser says that they should really go through an income and expenditure review with Miss P to ensure she can afford to do that but she says she'd prefer to wait until she knows what her payday is going to be. It's agreed that a further 30 day hold will be put on the account and the adviser then reads out the standard statement in relation to the hold. Miss P again queries the part about the account being closed. The adviser explains that if there are any further missed payments, the card will be cancelled and, once the balance is reduced to zero, the account will be permanently closed.

Based on the available evidence, I'm satisfied that it was made clear to Miss P that a further missed payment would result in the card being cancelled. Although Miss P says she was never informed that the card was cancelled, I can see that her 6 April 2022 statement informs her that the card had been cancelled and that she should now destroy it.

On 19 April 2022, Miss P called Barclays about a notice of default (NOD) she'd received. She was told that it had been issued because four payments had been missed. She was also told that she could only avoid the account defaulting by paying the full arrears or by putting a payment plan in place. Miss P was adamant that she didn't want to make a payment arrangement as she didn't want that to show on her credit file. Miss P says she was told that the only way to clear her arrears over a few months was via a third party debt collector. However, having listened to this call and others, whilst she is regularly asked if she would like to set up a repayment plan, I haven't heard any mention of third party debt collectors being involved. It is confirmed that any plan would show on her credit file as an arrangement to pay, which is perhaps where some confusion has arisen.

Although Miss P was requesting two months to catch up with her arrears, I'm satisfied that, because the NOD had been issued, the adviser correctly informed her that the only options were to pay the arrears in full or agree to a repayment arrangement.

In order to avoid the account defaulting, Miss P then did find a way to pay the full arrears, which I understand wasn't easy for her to do.

The issue here seems to be that there is a disparity between Miss P's expectations of what Barclays should offer and the reality of what Barclays was offering. This leads to them talking at cross purposes for much of the time. I think much of this has to do with a misunderstanding of what an account being on hold actually meant.

From Miss P's point of view, she was a long-standing customer with a perfect payment record of 20 years. She proactively contacted Barclays to keep them informed of the situation, including when she expected to start getting paid again. As such, she thought it

would be able to freeze her account, with no payments due, and then allow her the time to catch up with the arrears once she started work. I understand how Miss P would assume this would be possible. I have a great deal of sympathy for her outlook in that she just wanted to pay the arrears off as soon as possible once she was receiving an income, at her discretion and without entering into a formal plan. However, when looking at whether Barclays has acted fairly and reasonably, I need to look at its actions within the context of what it told her, the account's terms and conditions and regulatory requirements.

Miss P says her situation was treated with a lack of compassion. However, listening to the phone calls, Barclays does try to assist her and doesn't put any pressure on her to make payments she can't afford. She is immediately offered a hold on the account so that she doesn't have to pay interest or fees and that hold is renewed over a number of months. She is offered a reduced repayment plan but declines it on the basis that she doesn't want that to appear on her credit file, even though she was aware that the late payments and arrears were already being recorded on her credit file. I'm satisfied she was told that missed payments might result in her card being cancelled and that, after having missed three payments, that a further missed payment would close the account.

Miss P says she wasn't given a decent grace period. But Barclays waited four months before it issued the NOD. I appreciate that Miss P had kept Barclays informed of her situation and when she could likely pay the arrears, even though that timescale slipped from what she originally said. However, overall, I consider it reasonable of Barclays not to rely on a promise to pay to delay enforcement action.

As our investigator has explained, Barclays' process is to issue a default notice after four missed payments and this is in line with its regulatory obligations and the Information Commissioner's Office guidance on default notices. Under the credit agreement, minimum payments were unable to be suspended. And Barclays was also entitled to cancel the card after four missed payments and then to close the account once the balance had been paid off.

I've thought very carefully about what Miss P has said. I understand that having no income and then having to deal with Barclays was extremely stressful. However, overall, I'm unable to conclude that Barclays treated her unfairly.

My final decision

For the reasons set out above, I do not uphold Miss P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 23 May 2023.

Carole Clark
Ombudsman