

The complaint

A company, which I'll refer to as G, complains that Barclays Bank Plc didn't contact it about chargebacks raised against it, which resulted in a default being registered against it.

G is represented by one of its directors, Mr D.

What happened

G is a merchant. In January 2021, G switched provider and closed its account with Barclays. At the time there was a zero balance on the account.

In May 2022, G discovered there was a default registered against it for £220. G contacted Barclays about it who explained that chargebacks had arisen after G closed its account with them. Barclays said they attempted to contact G but had received no response from it. As a result, they wrote off the debt in April 2021 and registered a default against G.

G paid the outstanding amount to Barclays so the default could be settled. G asked Barclays to remove the default and when this didn't happen, G raised a complaint with Barclays.

Barclays responded and explained they had to report the outstanding debt on the account as it was a mandatory obligation for all financial institutions, and they confirmed that as the debt had been paid, they'd updated the credit reference agencies that the debt had been settled.

G was unhappy with this response so Mr D brought G's complaint to our service. One of our investigators looked into the complaint. She didn't uphold it as she thought Barclays had done enough to notify G of the matter and she thought the default had been applied correctly.

Mr D was unhappy with this, so he asked for an ombudsman to consider the matter. As such, the case has been passed to me to decide.

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'm sorry to disappoint G but I won't be upholding this complaint. I've explained my reasons below.

Chargebacks

Barclays were obliged to contact G in writing to notify it of any chargebacks on its account. Due to the passage of time, Barclays have been unable to provide us with copies of the letters sent to G to notify it of the chargebacks. G said it never received any notification of the chargebacks and it would have defended them or settled them at the time had it been aware of them.

As such, I've had to consider what is likely to have happened here. I can see from Barclays records that they attempted to contact G by phone on 39 different occasions between 16 February 2021 and 21 April 2021. Had someone from G spoken to Barclays on any of these occasions they would've been aware of the chargebacks and the debt could've been settled before it was written off and the default registered against it.

Having seen how persistent Barclays were in trying to contact G about the debt, I think it highly likely that they would've written to G about the chargebacks. And even if they didn't, I think there is clear evidence that they tried to contact G about the debt in a timely manner.

Post

Barclays have provided evidence to show they wrote to G in January, February and April 2021 to make it aware of the outstanding debt on its closed account. G says it never received these letters.

There is no evidence that any of these letters were returned to Barclays. I don't dispute that the pandemic caused delays with the postal service, but I think it's highly unlikely that none of the three letters Barclays sent to G were received by it. I've clarified the address they used was correct and the same as the address their final response letter was sent to which G did receive. As such, I don't uphold this complaint point as I think it likely at least one of the letters would've been delivered and received by G.

Phone calls

Barclays have provided us with evidence to show that they called G 39 times between February and April 2021 to discuss the outstanding debt on the account. G says Barclays had an incorrect number on file and they were never contacted.

I understand Mr D encountered issues with the security process on a call with Barclays which led him to believe they had the wrong number on file for G. I haven't been able to listen to a recording of the call, but I don't dispute that this conversation took place. However, I'm not convinced that what Mr D was told by the operator on this call was correct.

I say this as Barclays have provided me with a copy of the telephone number held on file for G. This number matches the number provided by G on the initial application form and Barclays have provided evidence to show the number was last updated in 2020. So, there was no update made to G's telephone number after this call.

In addition, a call made to G by Barclays on 4 March 2021 was answered but Barclay's operator was told there was no-one available to speak to them, but someone would be available the following week. So, it seems likely that Barclays were calling the correct number and it is obvious they made a comprehensive effort to contact G about the matter.

Conclusion

I know my decision will be disappointing for G and its directors, however, the evidence provided by Barclays shows that they made multiple attempts, both in writing and by phone, to contact G and make it aware of the matter. As they were unable to make contact with G, they wrote off the outstanding debt, and in line with their mandatory obligations, they reported the debt to the credit reference agencies. I therefore agree that the default was applied correctly.

I understand that G has since paid the debt. This will be reflected on its credit file as settled, therefore reducing any negative effect. Although I appreciate that the debt is now cleared, I

can't ask Barclays to remove the default as I've found that it was applied correctly to begin with.

My final decision

My decision is that I don't uphold this complaint for the reasons I've explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 21 April 2023.

Tara Richardson
Ombudsman