

The complaint

Mr A complains that Barclays Bank UK PLC (“Barclays”) chased him for payment, continued to apply interest to his loan and defaulted his account during a period of breathing space.

What happened

Mr A had a loan account with Barclays, which fell into arrears. He says he applied to the Debt Respite Scheme (known as breathing space) with the help of a debt adviser. Mr A says the breathing space started on 5 July 2022. But he says that, during the breathing space, Barclays applied interest to his loan, asked him to clear the arrears in full and defaulted the account. He says that Barclays continued to contact him during the breathing space and that it called him more than 60 times during this period.

Mr A says that he was contacted by a debt collection agency (which I’ll call M) in August. M had taken over the account from Barclays. He says he told M about the breathing space and they said they would contact Barclays. But he says that Barclays continued to chase him for payment.

Mr A says he’s now in a position to bring the account up to date. But, first, he wants Barclays to remove the default from his credit file and refund the interest which was applied during the breathing space. He would also like some compensation for the extreme stress he experienced as a result of this situation.

When Mr A complained, Barclays said it had no record of any contact from him or any third party to request breathing space or discuss the arrears. So it didn’t think it had done anything wrong.

Mr A asked this service to look at the complaint. Our Investigator wrote to the debt adviser and asked whether it had contacted Barclays on behalf of Mr A. The debt adviser didn’t respond. Our Investigator didn’t think Barclays was aware of the breathing space and didn’t think it had acted unfairly in any event. But Mr A didn’t agree and asked for the complaint to be reviewed by an Ombudsman. He provided a copy letter from the debt adviser to Barclays. The letter said that the debt adviser had applied for breathing space on Mr A’s behalf and that the loan was included in this, together with some other Barclays accounts.

Mr A does hold some other accounts with Barclays. But, as our Investigator explained, this complaint only relates to one of the loan accounts so that is all I am looking at here.

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.

Where the evidence is incomplete or inconclusive, as some of it is here, I reach my decision on the balance of probabilities – that is, what I consider is most likely to have happened, in light of the evidence that is available and the wider surrounding circumstances.

I find that Barclays sent a Default Notice to Mr A in June 2022 in respect of the loan. This required Mr A to take one of the following steps by 5 July 2022: either pay off the arrears or contact Barclays to agree an arrangement to pay the arrears.

Barclays says it didn't receive payment and didn't hear anything from Mr A. So, it defaulted the account. I'm satisfied that the arrears remained outstanding on 5 July 2022. And I haven't seen anything to suggest that Mr A contacted Barclays about the arrears before that date. So I find that it was reasonable for Barclays to default the account. I also think it was reasonable for Barclays to pass the account to M at that point. From the information I've seen, I'm satisfied that no additional interest was applied to this loan after 5 July 2022.

But Mr A says that Barclays shouldn't have defaulted the account because he was in a period of breathing space. Barclays, on the other hand, says it didn't receive any request for breathing space or communication about the arrears, either from Mr A or any third party. More specifically, it says it didn't receive the letter from the debt adviser which Mr A has recently provided. On balance, I find it most likely that Barclays didn't receive the letter. And I don't think it received any other notification that breathing space had started.

When there has been a period of breathing space, the creditor should also receive notification when it comes to an end. But Barclays has no record of that either. Barclays says that, as well as checking its own records, it checked the official breathing space portal. But it says that Mr A wasn't recorded on the portal either. So, I can't safely conclude that breathing space was in place in respect of the loan. And, even if breathing space had been applied for, I don't find that Barclays knew about it or ought to have known about it at the time. Barclays suggested that Mr A speak to the debt adviser who arranged the breathing space to query this and I think that's a good idea.

Mr A says that, even if Barclays didn't hear from the debt adviser, it did know about the breathing space because he told Barclays about it himself. The information I've seen shows that Mr A contacted Barclays at the end of July 2022 to raise this complaint. He talked about the breathing space in that context. But I haven't seen anything to indicate that he contacted Barclays before that to make it aware of the breathing space.

A breathing space can only be started by a debt adviser, not by the customer themselves. When Barclays responded to the complaint, it told Mr A that it had no record of any contact from a third party about breathing space. I think it's reasonable to expect that Mr A would have followed this up with the debt adviser at the time. But I haven't seen anything to suggest that he did so.

But, even if Barclays had received the letter from the debt adviser or any subsequent contact from them, I don't think it would have stopped the account defaulting. That's because the deadline for action under the Default Notice was 5 July 2022. The letter about the breathing space is dated 5 July 2022 and says it was sent by post. So, even if it had reached Barclays, it's unlikely it would have been received in time to stop the account being defaulted as that happened on 7 July 2022.

The account was passed to M a few days later and I think that was reasonable whether Barclays had received the letter or not. That's because breathing space only stops enforcement action. So, I don't think it would have prevented Barclays from taking administrative steps in relation to the account such as transferring it to M.

In terms of the amount of contact from Barclays, I haven't seen anything to indicate this was excessive. The account was passed to M on or around 12 July 2022, so I wouldn't expect Barclays to have contacted Mr A about the account at all after that and I haven't seen evidence that it did. I note that there were some calls from Barclays' complaints team to Mr

A, and he called Barclays himself at the end of August 2022. But I haven't seen any evidence of Barclays chasing the debt or making excessive contact during the period in question.

I'm sorry to disappoint Mr A. But I don't think Barclays did anything wrong here. So I'm not going to ask it to amend his credit file or do anything else.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 12 October 2023.

Katy Kidd
Ombudsman