

The complaint

Mr H has complained about the data Barclays Bank UK PLC has reported on his credit file, following the completion of his Scottish Debt Arrangement Scheme (DAS). He'd like a default to be put on his credit file, and backdated to 2016 when the DAS started, to prevent an ongoing impact on his credit file.

What happened

In 2015, Mr H took out two loans with Barclays. But in July 2016, he entered into a Debt Arrangement Scheme ('DAS'), and reduced repayments were accepted as part of this arrangement. These repayments were made through a debt payment programme ('DPP'). Although Mr H has explained that other creditors reported defaults, Barclays did not. Mr H is unhappy with this, because if a default had been recorded on his credit file in 2016, it would have dropped off after six years. But instead, information remains there.

One of our investigators looked into what had happened, but didn't recommend that the complaint should be upheld. She explained that the Information Commissioner's Office (the 'ICO') requires that information reported to credit reference agencies should be fair and accurate. Further, businesses must show if the consumer is in a debt management plan – and that Mr H was in one, in the form of the DAS/DPP. The ICO guidance does not say that an account must be defaulted when a DAS is entered into.

Mr H disagreed. In summary, he feels his accounts should have been defaulted, and that the presence of the DPP on his credit file prolongs potentially negative entries on his credit file by a further six years. He questions the benefits of a DAS/DPP to someone seeking to improve their financial situation.

The complaint's now been passed to me.

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 haven't referred to every submission made, but I'd like to assure both parties that I've carefully considered the file in full. Instead, I've referred to what I consider to be the key facts, leading to a fair outcome in the circumstances.

I know Mr H will understandably be very disappointed, but I'm not upholding his complaint. I'll explain why.

The ICO guidance does not say that an account must be defaulted when a debt management plan is entered into. It may be – but this is not a requirement. It is just one of the options for lenders. Here, Barclays chose not to default either account.

However, what is unequivocal, is that the ICO guidance says a lender must make it clear when a consumer is in a Debt Management Plan or DPP. It also sets out that when an

account is closed - and isn't defaulted - then the record of the account will remain on the credit file for six years from the date of closure. This clearly also shows that recording a default is not obligatory.

Here, Barclays has recorded Mr H's position appropriately. His plan has been recorded accurately. And there was no requirement for his accounts to have been defaulted. So, I don't think that Barclays has behaved unfairly or irresponsibly.

I can see that this information has been recorded by at least one credit reference agency. Mr H has explained that others don't hold this information. This would need to form a new complaint, if this concern hasn't yet been resolved.

My final decision

For the reasons given above, it's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 14 June 2024.

Elspeth Wood
Ombudsman