

The complaint

Mr B complains that Barclays Bank UK PLC didn't close his Barclaycard account and that this resulted in adverse information being recorded on his credit file.

What happened

Mr B closed his accounts with Barclays in May 2021, but Barclays didn't close Mr B's Barclaycard account. In 2022, Mr B applied for a loan, and this was declined. Shortly after Mr B applied for further loans and these were declined due to adverse credit information.

When Mr B complained to Barclays it accepted that it hadn't closed the Barclaycard account and that it had registered a default due to there being an outstanding balance on the account – the annual charge. Barclays apologised and wrote off the account balance and took steps to correct the information it had sent to credit reference agencies ('CRAs'). Barclays offered Mr B £150 for the distress and inconvenience this had caused.

Mr B's representative brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. The Investigator thought that Barclays had done something wrong, but that Barclays had taken reasonable steps to correct Mr B's credit information. The Investigator thought that a payment of £150 was a fair and reasonable remedy for the distress and inconvenience caused to Mr B.

Mr B asked that an Ombudsman decides the complaint. As I reached a significantly different outcome to that of the Investigator, I issued a provisional decision. My provisional decision was:

"Barclays accepts it should've closed Mr B's credit card account when he closed his other accounts in May 2021. Several months later, Barclays applied an annual charge to the account, and when it received no payments to the account Barclays registered a default.

Barclays accepts this wouldn't have happened if it had closed Mr B's account in May 2021 when it should have. In this case Barclays accepts it got things wrong, so my decision will focus on what I consider to be a fair and reasonable remedy.

Mr B first became aware there may be an issue with the information held by CRAs when he applied for a loan in 2022. Mr B says an initial loan for solar panels was declined – after a 'soft-search' - and subsequent loans Mr B applied for with another lender were also declined. I've not seen why the initial loan was declined. Regardless of this, I've seen the subsequent loan applications were declined due to adverse credit information. As these loan applications were made around the same time it seems more likely than not the default registered by Barclays was a key factor in why all the applications were declined.

Mr B says that because the loans were declined, he had to approach another business for solar panels, and this meant he paid more for the solar panels and paid increased energy bills for several months as a result of the delay. Mr B says that he

was able to pay for the solar panels without finance and this is how he paid for them – albeit with a new supplier. I appreciate Mr B's frustration and strength of feeling in this regard, but I don't think it's fair and reasonable for me to decide Barclays should pay Mr B the difference in installation costs or for the cost of delay in the solar panels being fitted if Mr B could reasonably fund the purchase another way. However, I intend saying that Mr B missed the opportunity to purchase the solar panels using finance and any remedy should take this into account.

Barclays says that in June 2022 it took steps to remove all adverse data from Mr B's credit file and reported his account as satisfied to the CRAs. However, Barclays accepts that there were some differences in the way the three CRAs recorded this data. Mr B has provided copies of credit files that show the Barclays account was still showing on some CRAs records, but also confirms that this information has now been corrected.

I think Mr B was reasonably entitled to think the account had been closed and that no annual payment was due. When Mr B became aware Barclays had registered a default on the account, I'm persuaded this caused Mr B some distress and inconvenience – after all Mr B hadn't missed a payment as he believed the account had been closed. The default prevented Mr B from financing the solar panels using a loan, and he had to use his own funds to make the purchase, which is not what he wanted to do. And then when Mr B believed Barclays had amended his credit files, he discovered some CRAs were still showing the adverse credit information and had to raise the matter with Barclays once more.

I intend saying the impact of Barclays mistake has caused considerable distress, upset, and worry to Mr B. It caused Mr B to miss out on the opportunity of paying for the solar panels on finance and Mr B was further inconvenienced when he found out that some of the CRAs still recorded a default on his account. So, in the circumstances of this case, I intend saying that Barclays should pay Mr B £450."

I asked that Mr B, his representative and Barclays to provide further comments for me to consider. Mr B and his representative provided comments for me to consider, and Barclays accepted my provisional decision and said it had no further comments for me to consider.

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 carefully considered the comments from Mr B and his representative I've decided to adopt my provisional decision as my final decision. I understand this will be disappointing for Mr B, but I will now explain why.

Mr B and his representative consider my outcome doesn't take into account the significant financial loss the error by Barclays caused him and point out that it was 17 months before the information held by the CRAs was corrected.

I've taken into account that Mr B had a number of loans declined with another bank, and I've seen evidence these were declined due to adverse credit information reported to CRAs by Barclays – this isn't disputed. In my provisional decision I referred to an 'initial' loan application with a solar panel provider, but it seems from Mr B's comments that he only made applications to another bank, and I've not seen any loan application to the solar panel provider. I'm satisfied this doesn't materially affect my decision.

I'm satisfied Mr B missed the opportunity to pay for the solar panels using a loan, but I've taken this loss of opportunity into account in my remedy. This caused Mr B some inconvenience, but I don't think Barclays should pay Mr B the difference in installation costs or for the cost of delay in the solar panels being fitted. Although I understand Mr B has strong views to the contrary, it seems Mr B did have the option to purchase the solar panels earlier from his own resources, so I think it would be unfair and unreasonable for me to tell Barclays it must pay for any cost of any delay.

Mr B and his representative say I haven't taken into account the significant worry and stress Barclays caused Mr B and point out that it was 17 months before the information held by the CRAs was corrected. I accept this was a worrying time for Mr B and that the information held by the CRAs reflected the default, but I'm satisfied that my final decision takes this into account. The remedy is in-line with guidance published on our website. I believe my award of £450 is fair and reflects that Barclays' error caused Mr B considerable distress, upset and worry. I'm satisfied it also reflects the significant inconvenience and disruption in applying for loans that were ultimately unsuccessful, and that Mr B needed to take extra steps to sort out paying for the solar panels from his own resources.

My final decision

For the reasons detailed above, I've decided that Barclays Bank UK PLC should pay Mr B £450.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 November 2023.

Paul Lawton
Ombudsman