

## **The complaint**

Mrs H is unhappy that Barclays Bank UK PLC sold her loan debt to a third party although it said it wouldn't.

## **What happened**

Mrs H fell into financial difficulty in early 2022 and couldn't make her loan repayments. She phoned Barclays in March 2022 to explain her difficulties and ask for "breathing space". This was agreed. In July 2022, Mrs H called Barclays again because she still had financial difficulties. She discussed her situation and made an offer to repay £50 per month towards the loan. But the adviser said that before Barclays could agree a repayment plan, it had to be sure the repayments being offered were affordable. So, she'd need to complete an income and expenditure form either over the phone or online.

Mrs H explained the difficulty she had with making calls because of a health condition and asked for an email address that she could use to give updates. That email address wasn't given but Mrs H was told how to complete the form online. At the end of the call, Mrs H asked for reassurance that "no strange people will come to my address". The adviser gave that reassurance. But the default notice Mrs H had received said that a repayment plan had to have been agreed and the first payment made by 30 July 2022 to prevent the default procedures being continued. As Mrs H hadn't agreed the plan or made a repayment, Barclays sold the debt to a third party. Mrs H complained because she felt she'd been misinformed and hadn't been treated appropriately as a vulnerable customer.

In its final answer, Barclays agreed that Mrs H had been given incorrect information in the July phone call. But it disagreed that it hadn't treated Mrs H appropriately. It offered £150 compensation for the misinformation. But it said without an income and expenditure account, repayment proposals couldn't be agreed and, as Mrs H hadn't got in contact by the due date, the default process continued as the default notice said it would. Barclays said the third-party handling Mrs H's account was a specialist company and would treat Mrs H fairly and with understanding.

Mrs H wasn't satisfied and so brought her complaint to this service. One of our investigators considered Mrs H's concerns and concluded Barclays should do more to put things right. They felt Barclays weren't clear enough about the next steps Mrs H had to take to stop her loan defaulting and because it now has, Mrs H had suffered both distress and inconvenience. They felt an award of £350 was more appropriate. But they didn't think Barclays had to recall Mrs H's debt from the third party. Barclays didn't respond to our investigator's opinion, but Mrs H disagreed and asked for her complaint to be reviewed by an ombudsman.

So, it's 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.

Mrs H has raised a separate complaint against Barclays Bank PLC trading as Barclaycard. For the avoidance of doubt, this decision only deals with Mrs H's concerns about her loan and discussions with Barclays Bank UK PLC.

I'm pleased to see that Barclays have acknowledged that the information Mrs H was given in the July phone call was misleading. And I agree with our investigator that the compensation Barclays awarded isn't sufficient. So, I'll be asking Barclays to pay more. But I don't think it did anything wrong by following its default procedures and ultimately selling the debt to the third-party company. So, I won't be asking Barclays to buy the debt back.

I appreciate this will come as a disappointment to Mrs H and I'd like to reassure her that I've considered all her circumstances before I reached my decision. But it seems to me that the action Barclays took were, in the long run, to Mrs H's benefit even if I realise she doesn't see it that way.

Mrs H had spoken to Barclays in March 2022 and asked for breathing space on her loan – that's to say a break from having to make payments. Barclays agreed this but continued with its default procedures which it's entitled to do. In May 2022 Barclays sent an arrears notice, and this was followed in July 2022 by a default notice which required Mrs H to contact Barclays by 30 July to agree a repayment proposal. Mrs H did call, and it was on that call that the adviser told Mrs H Barclays wouldn't agree a repayment plan unless it saw an income and expenditure account. Mrs H explained why she couldn't complete it at the time and the difficulties she had in making phone calls but said she'd get the information and complete the form online.

Having listened to the call, it's clear that the income and expenditure account was needed before a repayment proposal would be considered. But I don't think the adviser was clear enough in saying when the income and expenditure account was needed by. And I agree he gave Mrs H misinformation when he said the debt wouldn't be chased. But I do consider Barclays weren't acting unreasonably when they followed their normal account recovery procedures. I say this because the default notice gave the deadline for action (30 July) and specified what action could be taken. The notice explained what Mrs H would need to do to avoid Barclays taking further action in relation to the debt and when she'd need to act by.

I think the key condition here is "Contact us and agree an arrangement for the payment of arrears. The first payment of any such arrangement must be received before the date shown."

Whilst Mrs H had contacted Barclays, two other conditions had to be met to stop the debt being potentially transferred – a payment arrangement had to have been agreed and the first payment under that agreement had to have been paid before 30 July 2022.

The adviser stressed to Mrs H that the income and expenditure account was the first step. But Mrs H didn't follow through and complete the form. So, I don't consider Barclays treated Mrs H unfairly or unreasonably by following through on its normal process.

Mrs H has made the point that because of her vulnerabilities, Barclays should've helped her more. So what I've considered is what help Barclays might've been able to give.

Mrs H wanted to significantly reduce the payments on her loan to £50 per month. That would've meant a £600 reduction. Barclays was willing to consider Mrs H's proposal. But Barclays wasn't given the information it needed to enable it to work out what was an affordable repayment plan. But in any event, having looked at the balance of the loan, I can't

see that the payments Mrs H was offering would've come close to meeting even payments of interest. Barclays is not obliged to accept a payment offer – it must consider it. And, if the offer is felt to be insufficient to maintain the debt, it can continue with the options open to it – such as selling the debt to a third party.

I believe that in Mrs H's circumstances, the transfer to the third-party business was in her interests at that time. And in going down that route, Barclays were giving the help they felt was best to deal with Mrs H's difficulties. I say that because she had shown to Barclays that her financial difficulties weren't short term, and these specialist businesses have more discretion in what concessions can be offered and what repayments can be accepted – even if there is an impact on Mrs H's credit file as a result of taking action like this. So, while I realise Mrs H sees it differently – I think Barclays acted fairly in transferring the debt to the third party as it did.

Mrs H was at pains to point out to the adviser that she didn't want anyone knocking at the door. But, when she got the notification that the debt had been sold, it caused Mrs H considerable distress because she believed that there was the prospect of that happening. I'm persuaded that the distress caused was heightened by the medical conditions Mrs H suffers from and therefore compensation of £100 does not cover this. I would also add that there's no evidence to suggest Mrs H was ever visited at home. Had that been the case, then any award for compensation would've been considerably higher.

### **Putting things right**

I think Barclays should pay Mrs H an additional £200 to bring the total compensation to £350.

### **My final decision**

My final decision is that Barclays Bank UK PLC should pay Mrs H a further £200 compensation bringing the total award to £350.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 30 May 2024.

Stephen Farmer  
**Ombudsman**