

The complaint

Mr A complains that Barclays Bank UK PLC trading as Barclaycard mishandled the income validation process for a credit card account he held with it and which resulted in the account being closed.

What happened

In May 2023 Mr A applied for a credit card account with Barclaycard. The account was opened with a credit limit of £200 pending Mr A's income being verified. And Mr A was asked to provide proof of his income within the next 45 days.

As Mr A had declared he was paid weekly, then the required evidence for his income validation checks needed to show he had received eight consecutive weekly payments from his employer in the period immediately prior to the opening of the credit card account. Barclaycard said that if it didn't receive this evidence within the 45 day period, then the account would be closed 17 days later.

Mr A scanned copies of his bank statements for the months of February/March and March/April 2023 and sent them via the portal to Barclaycard.

A few days later Mr A received an email from Barclaycard informing him that it couldn't use his uploaded evidence as it couldn't "*see your name/address and income clearly on the documents you uploaded. Please can you check and try again?*"

Mr A scanned and resent the bank statements but two days later received a further email from Barclaycard again stating that the statements didn't show his name/address and income clearly.

Mr A then decided to attend a branch of Barclays in person. He spoke with an agent and copies of his bank statements for February/March and March/April 2023 were handed in and sent off. Mr A says he was told by the agent he didn't need to do more as he had handed in the correct documentation.

Barclaycard says it sent Mr A a further email in June 2023 stating that there was an issue with the evidence he had provided, and the account would be closed if the required evidence wasn't provided. Mr A says he didn't get this email.

Mr A says in July 2023 he tried to use the credit card for a purchase and was embarrassed to find that this was declined as the account had been closed. Mr A complained to Barclaycard.

Barclaycard said it agreed there had been failures in the income validation process for Mr A's account as he had been incorrectly informed by the agent, he'd provided what was needed. It provided Mr A with £50 compensation for this.

However, Barclaycard also said that as Mr A hadn't provided proof of the required eight weekly consecutive payments from an employer, the credit card account had been closed in

line with its processes as his income could not be validated. It said that as the account had been closed it couldn't now be re-opened. Barclaycard said Mr A could re-apply in six months' time.

Mr A was unhappy at Barclaycard's response and complained to this service. He said Barclaycard had unfairly closed the account as he had sent the bank statements three times to it. Mr A also said that the reporting of the opening and closing of the account on his credit file had had a negative impact and he wanted this information removed.

Our investigator recommended that Mr A's complaint should be upheld. He said that Barclaycard, in all of its emails to Mr A, hadn't been clear as to what the issue was with the bank statements he had provided. Our investigator said that if it had, then the closing of the credit card could have been avoided.

The issue had been, said our investigator, that Mr A had wrongly supplied a bank statement that covered February as well as the beginning part of March 2023 bank as this statement had only shown one weekly payment from his employer. He said this was because Mr A hadn't started to receive his weekly earnings from his employer until the beginning of March 2023. The March/April bank statement had shown five weekly payments from Mr A's employer. Our investigator said this meant Mr A hadn't been able to show eight consecutive weekly earnings as required by Barclaycard.

However, our investigator said that if Barclaycard had pointed this out to Mr A, then he could have supplied the bank statement for April/May 2023 and his income could have been validated and the account remain open.

Our investigator said that Barclaycard had acted unfairly, and it should increase the compensation to Mr A by £100 (making a total of £150) for the distress and inconvenience caused.

Our investigator also said that although the searches should remain on Mr A's credit file the application and account should be removed by Barclaycard.

Mr A agreed with our investigator's view, but Barclaycard disagreed. It said that while it accepted the emails to Mr A hadn't been clear as to the issue with his bank statements and compensation was fair, it was unreasonable to remove the account from Mr A's credit file. Barclaycard said Mr A was required to provide proof of eight consecutive weekly payments at the time he applied for the credit card account in order to satisfy the income validation process and hadn't been able to do so. This meant, it said, that he hadn't met the criteria for its income validation checks, and so it was correct that the application should show on his credit file. Barclaycard said it was obliged to ensure accurate information was reported to the credit reference agencies so that other credit lenders were aware of Mr A's position and this protected both him and them from potential unaffordable lending.

As the parties were unable to reach an agreement the complaint has 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.

It was at the start of May 2023 that Mr A applied for a credit card with Barclaycard. I've seen that in accordance with its processes, the account becomes active a short time later but with a low credit limit pending the validation of the consumer's income. If that income can't be verified for any reason the account is closed.

Barclaycard's income validation checks require that an applicant is able to show their income for a two-month period immediately prior to their application for the account. For Mr A, this took the form of showing he had been paid by an employer for eight consecutive weeks. I think these checks and the required documentation to corroborate income is reasonable when opening the credit card account.

Here, Mr A supplied bank statements for a full two-month period starting in February 2023 and ending April 2023. However, this was a mistake by Mr A as his first payment from his employer was actually made at the start of March 2023 and the two bank statements he provided to Barclaycard therefore showed only five consecutive weekly earnings. I agree with Barclaycard that this didn't meet the criteria for an income validation.

However, as accepted by Barclaycard, its emails to Mr A weren't clear as to what the issue was with the statements Mr A had provide. The emails appeared to say the statements themselves weren't legible for some reason and this resulted in Mr A sending them again to Barclaycard on two other occasions which included visiting a branch of Barclays. Barclaycard has said this wasn't the service Mr A should have been able to reasonably expect and agrees that compensation for the confusion is warranted.

However, Barclaycard has said it doesn't believe Mr A could have met the criteria for income validation even if he had been aware that the bank statements he'd provided didn't show the necessary eight consecutive weekly payments from an employer. But I disagree with that view.

Mr A has supplied to this service his bank statement for the period April to May 2023 and this document shows that by the end of April 2023, Mr A had been paid by his employer a further four times. This means that had he been aware of his error relying on a bank statement that covered the month of February 2023 and so provided in addition his bank statement for April/May 2023 then he would have been able to demonstrate nine consecutive weekly payments from his employer at the point he applied for the credit card account. So, I agree with our investigator's view that this account need not have been closed had Barclaycard been clearer with Mr A as to what the problem was with the evidence he'd sent into prove his income. I think the additional £100 compensation for distress and inconvenience caused to Mr A by Barclaycard is fair and reasonable.

I appreciate that Barclaycard is obliged to provide accurate information to the credit reference agencies, but that information should also be fair in the circumstances. And as I am satisfied that Mr A would have been able to meet the criteria for the income validation checks then I think it's unfair for his credit report to show a record of this account. The account wouldn't have been closed if Barclaycard had been clearer with Mr A. I don't think in these circumstances that Barclaycard's concern about a credit report showing accurate information is justified and I am asking it to remove this account.

Putting things right

For the reasons set out above I'm upholding Mr A's complaint. I'm asking Barclaycard to do the following:

- Pay Mr A an additional amount of £100 as compensation for the distress and inconvenience caused by its handling of the income validation and closure of the account.
- Remove the account from Mr A's credit file.

My final decision

For the reasons given I'm upholding Mr A's complaint. I'm asking that Barclays Bank UK PLC trading as Barclaycard does the following:

- Pay Mr A an additional amount of £100 as compensation for the distress and inconvenience caused by its handling of the income validation and closure of the account.
- Remove the account from Mr A's credit file.

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

Jocelyn Griffith
Ombudsman