

The complaint

In summary, Miss N complains that Barclays Bank UK Plc trading as Barclaycard, unfairly registered a default with credit reference agencies in relation to a credit card debt. And she says she was advised to ignore default letters as she was on a payment plan.

What happened

In 2019 Miss N got into financial difficulties with her credit card account. Barclays allowed her to pay reduced payments. In July 2022, Barclays wrote to Miss N to inform her that the reduced repayment plan was coming to an end, and that the account would move back to the standard terms and conditions that applied. Miss N continued to make payments at the reduced level of £35 a month.

In February 2023, Barclays wrote to Miss N and informed her that the payment she had made wasn't enough to clear the arrears on the account. And it said that if arrears on the account weren't paid within 28 days, it would register a default with credit reference agencies. Barclays wrote to Miss N on several further occasions asking her to get in touch to discuss the account.

In July 2023, Barclays issued a default notice which informed Miss N of the payment she needed to make before 2 August 2022, and what would happen to the account if the payment wasn't made. This included registering the default with credit reference agencies. As a payment wasn't received to clear the arrears, a default was registered against the account, and the default was also registered with credit reference agencies.

After the default was registered, Miss N contacted Barclays about the default and letters she had received. And in a webchat, she was told to ignore the letters and communications she had received as they were automated.

Miss N subsequently complained to Barclays about the default being registered. In its response, Barclays explained why it didn't think it had done anything wrong in applying the default to the account.

The complaint was looked into by one of our investigators. When the investigator asked for further information about the conversations Barclays had with Miss N, in its response, Barclays explained that Miss N had been given incorrect information to ignore the default letter. It offered Miss N £100 by way of an apology.

The investigator issued their assessment upholding Miss N's complaint in part. They explained why they didn't think Barclays had been wrong to register the default. But they agreed Miss N had been given incorrect information after the default had been registered. And they thought the £100 offered by Barclays was a reasonable amount to compensate Miss N. As Miss N didn't agree, the complaint has been passed to me to review.

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 done so I have decided to uphold Miss N's complaint in part. I'll explain why.

I do understand that Miss N is upset and disappointed that Barclays applied a default to her credit card account. But I don't think it has done anything wrong in doing so. I say this because when Barclays wrote to Miss N in July 2022, it explained that the repayment plan it had agreed with her back in 2019, was coming to an end and what would happen next. And its subsequent letters to Miss N informed her what steps it was taking with the account, and what would happen if the required payments weren't made. And I'm satisfied from the contact records provided by Barclays that the correspondence was sent to Miss N. So, I think Miss N would have been aware from this information that the repayment plan had ended.

The correspondence I've seen also indicates that Miss N was sent the requisite default notice informing her what would happen if the payments weren't made. And prior to issuing this it had provided her with breathing space to catch up with her payments or to discuss repayment. As a result, I am satisfied that Barclays treated Miss N fairly before it registered the default.

However, after the default was registered Miss N contacted Barclays, it seems, as a result of the default correspondence she received from it. Barclays accepts that Miss N was provided with incorrect information by it. And I can understand that Miss N has found this confusing and upsetting. As this communication was after the default had been registered, I am satisfied that it doesn't impact the appropriateness of the default being registered. But I think it's appropriate that Barclays makes a payment in respect of the distress and inconvenience Miss N has been caused by its mistake. And I am satisfied that the figure of £100 offered by Barclays, is an appropriate sum to compensate Miss N for the distress caused by Barclays' mistake.

My final decision

For the reasons I have set out above, I uphold Miss N's complaint in part. If Miss N accepts my decision, Barclays Bank UK plc should pay Miss N £100, only if it hasn't already made the payment to her. Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 3 May 2024.

Simon Dibble
Ombudsman