

## **The complaint**

Mrs D complains Barclays Bank UK PLC trading as Barclaycard cancelled a repayment plan in error, and unfairly defaulted her credit card account.

## **What happened**

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my decision.

## **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 considered everything, I've reached the same conclusions as our Investigator, for these reasons:

- Barclays has accepted that when arranging Mrs D's repayment plan in October 2023, their agent didn't tell her to wait at least 24 hours before making a payment. This is because they needed this timeframe for the plan to be set up on their systems, so any payments made before this happened wouldn't be recognised as part of the agreed repayment plan. As Mrs D wasn't given this information, she inadvertently made her payment too early – in turn, when Barclays' system recognised a payment was due, it didn't take account of the payment Mrs D had already made. This resulted in her receiving arrears letters. However, Mrs D ignored these as she had been told by Barclay's agent that she might receive these letters despite a repayment plan being in place – so she could ignore them.
- Barclays became aware of their mistake in January 2024 after speaking with Mrs D. Once they realised where things had gone wrong, they refunded interest she'd been charged that month. They also explained their mistake resulted in her plan being cancelled, but if she wanted to make a new one, they need to review her financial position again. When they did this, the review showed that Mrs D's outgoings exceeded her income, so a new plan couldn't be put in place. I've noted that Mrs D has said she would have kept up with repayments and cut back on her food bill if necessary to do so. However, we expect businesses, like Barclays, to only agree to reasonable repayment plans – and not take steps that could cause their customers foreseeable harm. Given the review showed Mrs D couldn't afford repayments in January 2024, I consider Barclays did the right thing by not putting a new repayment plan in place and suspending interest being applied to Mrs D's account.
- As Mrs D's account was in arrears, a default notice was sent to her in January 2024. Her account has since defaulted because the last repayment she made was in December 2023. The Information Commissioner's Office guidance suggests banks should consider defaulting an account once there are three to six months of arrears. As Mrs D hasn't made payments since December 2023, I don't agree Barclays treated her unfairly by defaulting her account. To acknowledge their mistake Barclays

has backdated the default to October 2023. I consider that's fair in the circumstances as it means it will drop off Mrs D's credit report sooner than it would have ordinarily if the default was reported as being issued in early 2024.

- I acknowledge that Mrs D wanted a repayment plan to avoid a default. However, while Barclays' actions contributed to her repayment plan being cancelled, I've not seen enough evidence to persuade me that this wouldn't have happened in any event. I say this because Mrs D has told us that from January 2024 she had to stop doing overtime at work and her bills increased. When I consider this alongside the fact she's made no further payments since this time, I think it's more likely than not that happened because she couldn't afford to continue paying. As such, missing repayments would have most likely resulted in her plan being cancelled in 2024.
- To put things right Barclays has confirmed they've:
  - credited Mrs D's account with £100 in recognition of the distress and inconvenience she experienced due to their mistake;
  - refunded interest charged in December 2023 and January 2024;
  - moved her account to their zero offer process and suspended interest; and
  - backdated the default to October 2023.
- This offer is in line with what I would have awarded. That's because had Barclays given Mrs D the correct information, her plan is unlikely to have been cancelled before she stopped being able to make repayments from January 2024. Therefore, she wouldn't have been charged interest while the plan was being adhered to. They've also acknowledged Mrs D would have been worried and upset when she realised her plan had been cancelled given her willingness and proactivity to work with them and repay what she owed. And now that Barclays is aware Mrs D's financial circumstances mean she cannot afford repayments, they correctly suspended interest and defaulted her account. Given I consider it's most likely her circumstances meant her account would have defaulted in 2024, I consider Barclays backdating the default to October 2023 is fair when you take all the circumstances of this complaint into consideration.

For the reasons above, I'm upholding Mrs D's complaint, albeit not as she hoped

### **My final decision**

My final decision is that I'm upholding Mrs D's complaint.

As Barclays Bank UK PLC trading as Barclaycard has already carried out the settlement detailed above, I'm not asking them to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 10 October 2024.

Sarrah Turay  
**Ombudsman**