

The complaint

Miss W complains that Clydesdale Financial Services Limited trading as Barclays Partner Finance (“BPF”) made an error when collecting her direct debit payments in relation to a loan she had with it. This has resulted in her credit file being negatively impacted.

What happened

In November 2022, Miss W purchased some headphones through a retailer. The purchase was financed via a loan with BPF. Between March 2023 and May 2023, BPF say there was a technical issue when collecting Miss W’s direct debit, which meant that the account fell into arrears, and such information was also reported to the credit reference agency. Miss W says this has resulted in a negative impact to her credit file which has also led to some of her other creditors reducing the limits on her other accounts. Miss W says the reduction in the credit limits has meant her overall utilisation of credit has increased. And since her account defaulted, she’s stopped receiving promotional offers from some of her creditors which has led to her not being able to move some of her interest bearing balances to more preferential interest rates.

BPF responded to Miss W’s complaint and upheld it. It said there had been a technical issue which had prevented Miss W’s direct debit from being collected from her account. And as a result, it said it would amend Miss W’s credit file to remove the negative information it had reported. It also asked that Miss W check the direct debit is collected going forward and provided details for her to make a manual payment in the event it wasn’t collected as normal.

After the complaint was referred to this service, BPF let us know that it had removed the negative information from Miss W’s credit file. And it said that it had written off the remaining balance on the account, £43.98, to avoid any issues with the direct debit reoccurring.

An Investigator considered what both parties had said, and they thought Miss W’s complaint should be upheld. The Investigator found it likely that Miss W had her credit limit reduced as a result of the inaccurate negative information being reported on her credit file – and so the Investigator asked BPF to write to Miss W’s creditors to let them know that the default had come about as a result of a mistake on its part. The Investigator agreed that they had seen Miss W had previously used preferential rates to repay her balances and she had previously been offered preferential rates, but they didn’t think they had seen enough evidence to persuade them that the reduction in offers available was as a result of the negative information on Miss W’s credit file. The Investigator did however conclude that Miss W had likely been distressed and inconvenienced by what happened and so they felt BPF should compensate Miss W with £250 (which it could deduct the £43.98 from this figure).

BPF agreed to compensate Miss W in the way suggested by the Investigator. However, it didn’t think it would be appropriate for it to write to her creditors. Instead, it said that it could provide Miss W with a letter explaining that the default had been applied in error.

Miss W didn’t agree with the outcome the Investigator reached. She felt that BPF ought to have done more to remedy the situation – given the interest she had incurred on her other

balances that she says she could no longer transfer as a result of the default showing on her credit file.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

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 all the available evidence, it is my decision to uphold Miss W's complaint, for much of the same reasons as the Investigator. However, I will provide my own reasons for this below.

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I've summarised Miss W's complaint in considerably less detail than she has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

It doesn't appear to be in dispute here that BPF made a mistake in collecting Miss W's direct debit, which led to negative information being reported on Miss W's credit file. Because of this, I won't comment on this point further. But what I have considered is if BPF has done enough to put things right for Miss W.

Firstly, I can see that BPF has removed the negative information being reported about Miss W on her credit file. This is what I would have expected it to have done in these circumstances and I find this action a reasonable way to put Miss W's credit file right.

Looking at the letters Miss W received about the reduction in her credit limits from other providers, these all appear to have been sent in or around June 2023, which is shortly after BPF recorded the default on Miss W's credit file. While I can't be absolutely certain of the reason Miss W's credit limit was reduced on her other accounts, given what BPF reported to the credit reference agencies, and the actions three other lenders took around the same time, on balance, I think her credit limits were reduced as a result of BPF incorrectly reporting a default on her credit file.

Unfortunately, these limits have now been reduced, and as part of this decision I can't force BPF to negotiate a reinstatement of the limit with the other lenders involved – ultimately, it isn't BPF's decision to make. But what I will be asking BPF to do is to provide Miss W with a letter which explains the default was applied in error, so Miss W can present this to her current or future creditors. This *may* allow Miss W to negotiate a reinstatement of the credit limit with her other lenders.

On this point, I note Miss W says she lost out because she didn't have the available credit to purchase some flights – and when she went to buy these later, they were £1,000 more expensive. Miss W hasn't been able to provide evidence of the flights she saw at a cheaper price, which I think is understandable. However, without anything to support what Miss W has said, I can't fairly say that BPF has caused her to lose out here.

I've also thought about what Miss W has said about the absence of any recent promotional offers from her other lenders. I agree that it's possible the default might have prevented further offers. But I've seen no evidence to support such allegations. Because of this, I can't fairly conclude that Miss W hasn't been receiving offers because of BPF's error. And so I won't be asking BPF to reimburse Miss W for any payments she has made for interest on her current balances with other creditors. Or ask, as Miss W has suggested, that BPF buy those balances and allow her to repay on an interest free basis.

So it's now for me to consider whether the £250 (less £43.98) the Investigator suggested, and that BPF has agreed to pay Miss W is enough to compensate her for the things it got wrong. It's worth noting that it's seldom straightforward to decide on appropriate levels of compensation for non-financial losses. Not least because the impact on the consumer will be, by its very nature, subjective and difficult to quantify. In this case, I have considered the inconvenience to Miss W in having to sort the matter out, the impact to her credit file, the loss of expectation of being able to use available credit with her other accounts, the calls and letters she received regarding the missed payments and the incorrect salutation on the letters. Having thought carefully about all of these points, everything Miss W has said and the impact of those events on her, together with our published approach to compensation for distress and inconvenience, I find the £250 award (less anything else paid to Miss W in relation to the matter) to be a fair and reasonable resolution to the complaint.

Putting things right

To put things right for Miss W, BPF should:

- Pay Miss W £250 to recognise the distress and inconvenience caused to her. If BPF has made a payment already to clear the outstanding debt owed on the account, it can deduct this payment from the £250.
- Write a letter to Miss W confirming her account was defaulted in error – so Miss W can provide this letter to her other creditors.

My final decision

For the reasons set out above, it is my decision to uphold Miss W's complaint. I order Clydesdale Financial Services Limited trading as Barclays Partner Finance to put things right for Miss W by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 28 August 2024.

Sophie Wilkinson
Ombudsman