

The complaint

Mrs N says Barclays Bank UK PLC, trading as Barclaycard, mis-handled her application for a credit card causing it to be closed shortly after it was opened.

What happened

The account was opened in late May 2023. Soon afterwards, Barclays requested information from Mrs N to validate her income. Mrs N encountered technical problems in providing the information Barclays needed, and in September 2023, Barclays confirmed the account would be closed as the information it needed hadn't been provided in time.

Unhappy with Barclays' actions, Mrs N made a complaint. Barclays responded with an offer of compensation of £25 for the avoidable trouble it had put her to. It told Mrs N she'd be able to re-apply six months after her initial application. Still unhappy, Mrs N came to this service.

Our investigator looked into the matter and recommended the complaint be upheld. They felt that Barclays was entitled to request the income-related information that it did. But that it hadn't provided a reasonable level of service in doing so, for example by delaying in chasing Mrs N for the information and causing her to miss its deadlines.

The investigator asked Barclays to pay an additional £100 compensation and remove any hard searches it had recorded on Mrs N's credit file.

Barclays didn't agree with the investigator's proposals. It questioned the amount of compensation recommended but didn't suggest how much it felt was due. Barclays also didn't agree to remove the hard search from the credit file as it had a duty to report factual information – and it said Mrs N did apply for the account regardless of subsequent events.

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 uphold the complaint. I'll explain why.

I'm mindful that banks owe certain duties to their customers. For example, at a high level the Financial Conduct Authority (FCA) requires financial businesses to conduct their business with due skill, care, and diligence. They must also ensure they lend responsibly and carry out appropriate checks before advancing credit.

As such, I don't believe it was unfair for Barclays to require the additional information that it did in providing Mrs N with the credit she wanted. Having said that, I think there's little doubt that Barclays could have done better than it did. As Barclays said in offering Mrs N compensation:

'Firstly, I would like to apologise for the experience with the income verification online portal and experience in branch. Due to this I have credited your nominated account with £25.'

Mrs N didn't feel an offer of £25 went far enough in compensating her for the trouble she was put to. And, in the circumstances, I agree with her. I say that because she's given what I find to be plausible testimony to the effect that the problems she encountered – through no fault of her own – caused her inconvenience and stress. This inconvenience included visiting a branch of Barclays on two occasions in an attempt to resolve the issue. She felt she was being accused and blamed for errors she'd not made and yet had tried to overcome.

I don't find it surprising that, for example, Mrs N found it stressful to be told, as she was in July 2023, that her account would be closed if the required information wasn't received within 48 hours.

Thinking about Barclays' actions from when the application was made in late May 2023 to the point at which it was confirmed the information hadn't been received in time in September 2023, I don't consider £25 sufficiently reflects the impact on Mrs N. Instead, I consider an additional £100 – making £125 in total – would be fair in the circumstances.

In terms of the wider impact of these events on Mrs N, I'm glad to see that Barclays confirms the outcome of her application hasn't been reported on her credit file. But it has recorded that the application was made. It says this is factual and so has been correctly reported. While I agree with Barclays to the extent that Mrs N did apply for the account, on balance I'm satisfied that this was ultimately unsuccessful more because of the actions of Barclays than of Mrs N. I've seen nothing to suggest that the information she provided in response to its requests wasn't sufficient for its purposes. Rather Barclays was apparently unable to record and retain the information or it caused her to miss its deadlines through the poor levels of service it provided to her as outlined above.

In addition, I understand Mrs N applied for the account in the first place to make use of the 0% balance transfer feature Barclays was offering. A feature she was left unable to use as things turned out – and I gather she made no purchases using her card either.

That being the case, I'm broadly in agreement with the investigator that Barclays should also ensure Mrs N's credit file is amended so that she's not treated less favourably in any future applications for credit she might make because of its actions here.

Putting things right

Barclays should:

- Correct Mrs N's credit file to reflect the fact that any hard searches it made should be removed; and
- Pay Mrs N an additional £100 as compensation for the avoidable distress and inconvenience she's been caused; plus
- Allow Mrs N to re-apply for an account as appropriate and subject to its usual lending criteria.

My final decision

For the reasons given, I uphold this complaint. I require Barclays Bank UK PLC, trading as Barclaycard, to put things right for Mrs N as explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or

reject my decision before 12 July 2024.

Nimish Patel
Ombudsman