

The complaint

Mr D complains that Barclays Bank UK PLC failed to treat him fairly after he had taken advantage of a three-month payment holiday the bank had offered him.

What happened

Mr D opened a personal loan with Barclays in August 2021 that he was repaying at £614 per month. In September 2023 Mr D got in touch with Barclays to explain he was facing some short-term financial difficulties as he was unable to work due to an accident. Barclays agreed to allow Mr D to suspend his repayments for three months whilst he assessed his financial situation. It warned Mr D that this arrangement would be reflected on his credit file, and that it would be cancelling the direct debit he had set up for his loan repayments. It asked Mr D to get back in touch when his finances had stabilised.

Barclays spoke again with Mr D in late November. On that call Mr D confirmed that he wished to restart his repayments in December. But it seems that Mr D assumed his repayment would be collected by direct debit. But since the direct debit instruction had been cancelled Barclays required Mr D to make the repayment manually. That didn't happen and so a further missed payment was added to Mr D's credit report. Mr D refinanced his loan with Barclays in April 2024.

Mr D complained to Barclays about the missed repayment, and that it had failed to correctly record the payment arrangement on his credit file. He said that a mortgage offer he had been provisionally offered before his accident was withdrawn due to the adverse information on his credit file. Barclays accepted that it had failed to correctly report the arrangement and made the necessary amendments. But it said it wasn't responsible for the missed payment in December 2023 – it said it had made it clear to Mr D that his direct debit mandate was being cancelled. Barclays paid Mr D £100 for his inconvenience. Unhappy with that response Mr D brought his complaint to us.

Mr D's complaint has been assessed by one of our investigators. He thought that Barclays had now corrected any errors in its reporting to Mr D's credit file, and that it wasn't clear that any errors had caused Mr D's mortgage offer to be withdrawn. But he thought that Barclays should pay some more compensation for the inconvenience Mr D had been caused. He asked Barclays to pay Mr D a further £100.

Mr D didn't agree with that assessment. And Barclays thought that the compensation it had already paid Mr D was sufficient. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process. If Mr D accepts my decision it is legally binding on both parties.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr D and by Barclays. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

To help me decide this complaint I have listened to the phone calls that Mr D had with Barclays, both in September 2023 when his payment holiday was first arranged, and in November 2023 when he agreed to restart his repayments. Having done so I am satisfied that Barclays provided Mr D with sufficient information about the likely impact of the payment holiday, and that it would need to be reported to the credit reference agencies. Mr D was told that even though Barclays had agreed to the payment holiday, it would still need to report that he was in arrears on his loan. And Mr D was clearly told that his direct debit would be cancelled so Barclays wouldn't collect any future repayments until it had discussed his situation again.

Barclays accepts that it didn't at first report Mr D's payment arrangement correctly to the credit reference agencies. But that information was corrected soon after Mr D brought the problem to Barclays' attention. From the evidence I have seen Mr D's credit file now correctly shows that his loan was in arrears (since he had missed some payments) but also that it was in an arrangement. And in fact Barclays has extended the period that it has reported the loan to be in an arrangement to cover the time between the original arrangement ending (in December 2023) and the loan being refinanced.

I can understand Mr D's disappointment that a provisional mortgage offer he had been given before he missed any payments on his loan, was withdrawn whilst he was in the arrangement. But I cannot share his conclusions that it was the incorrect reporting from Barclays that caused those problems. I think it at least as likely (and probably more likely) that it was the missed repayments that caused the offer to be withdrawn rather than them not being reported as being the result of an arrangement. Although having the arrangement in place shows a degree of responsibility being taken by Mr D, the most important factor for the mortgage lender would be that the need for the arrangement suggested that all was not well with Mr D's finances.

So whilst I think it entirely reasonable that Mr D should be frustrated by the mistakes that Barclays made in how it initially reported his payment arrangement, I'm not persuaded that it has caused him to lose out on the mortgage offer he held, or that it caused damage to his credit rating over and above the missed payments. I think Mr D was very aware that taking the payment holiday would be reported to his credit file and might cause a reduction in any credit scoring another organisation undertook.

I think there was some confusion about how the repayment that Mr D agreed to make in December 2023 would be completed. Mr D had previously made all his repayments through them being collected by Barclays via direct debit. I can understand why he thought that might simply continue at the end of the payment holiday. But Barclays was equally sure that Mr D would have understood that he needed to make the payment himself – that was its normal process in circumstances such as these when an earlier direct debit mandate had

been cancelled to stop payments being taken when the consumer was in financial difficulties.

I don't lay any significant blame here on either party – I think this was a simple breakdown in communication. Either Mr D could have checked with Barclays that it would collect his repayment by the previous direct debit method, or Barclays could have made it clearer to Mr D that he needed to make the payment himself. But ultimately the result of the misunderstanding was that Mr D missed a further repayment on his loan.

The amount that Mr D needed to repay was by no means insignificant. So I think it would have been relatively clear to Mr D, fairly quickly, that the repayment hadn't been taken. But it doesn't seem he got in touch with Barclays until almost a month later. And then it was to tell Barclays that his financial problems were continuing. At that stage Barclays started the process of refinancing Mr D's loan and as a test of the new loan's affordability Mr D started to make repayments of less than half the previous repayment amount. So I cannot entirely discount the possibility that Mr D might have found it difficult to make the repayment even if the direct debit had been successfully reinstated.

But it does seem that the need for Mr D to get in touch with Barclays about the incorrect reporting on his credit file will have caused him some distress and inconvenience. As I said earlier Barclays has already paid Mr D £100 in that regard. But I agree with our investigator that the payment Barclays has made is not enough. At a time when he was no doubt already concerned about the impact of the payment holiday on his credit file, the information Barclays recorded was incorrect. So I think a payment of a further £100 (making a total of £200) is warranted here.

Putting things right

Barclays should pay an additional £100 to Mr D as compensation for the distress and inconvenience he was caused by the initial incorrect reporting of his payment holiday.

My final decision

My final decision is that I uphold a part of Mr D's complaint and direct Barclays Bank UK PLC to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 23 October 2024.

Paul Reilly
Ombudsman