

The complaint

Mr H complains Barclays Bank UK PLC trading as Barclaycard (“Barclaycard”) unfairly registered a default and passed this account to a debt purchaser.

What happened

In August 2021, Barclaycard issued a default notice to Mr H. As the arrears weren’t cleared, it applied a default in September 2021, and sold the account to a debt purchaser in October 2021.

Mr H says he was unable to make payments because Barclaycard changed his title and locked him out of his account. He believes the debt belongs to an invalid name and was illegally sold on whilst there was an ongoing dispute between himself and Barclaycard. He also says he has been harassed by both Barclaycard and the debt purchaser.

Our service reviewed the changes to Mr H’s title and account access as part of a separate complaint. And as Mr H’s concerns regarding the default and sale of his account hadn’t been addressed by Barclaycard, we referred this to them.

Barclaycard issued their response in July 2023. It said Mr H failed to comply with the default notice, so it applied a default. It also confirmed the account was passed to a debt purchaser in line with the terms and conditions of the account.

One of our investigators looked into Mr H’s complaint and didn’t uphold it. They found Barclaycard didn’t act unfairly in applying the default, and could transfer the account to a debt purchaser as per its terms and conditions. They also explained raising a complaint wouldn’t prevent collections activity, so Barclaycard hadn’t done anything wrong in selling the account when it did.

Mr H disagreed. He says Barclaycard acted fraudulently by changing his account details and locking him out the account resulting in payment issues.

As Mr H remained unhappy, the case was passed to me to make a decision.

I issued a provisional decision on 21 August 2024 as follows:

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Our service has dealt with Mr H’s complaint about the account details and online access. Whilst I understand Mr H feels strongly about this matter, I want to make clear I won’t be addressing that within this decision. I also won’t be commenting on the actions of the debt purchaser – Mr H will need to raise this complaint separately. In this decision, I can only consider whether Barclaycard acted fairly in applying the default and selling the account.

The Information Commissioner's Office (ICO) says that a lender may register a default when a customer is at least three months behind with their payments, and it would expect a default to be registered no later than six months after the first missed payment. A lender should also notify the customer and give them a chance to bring the account up to date, or to make an arrangement to pay before the default is applied.

The statements show Mr H was four months behind when the default notice was issued in August 2021. This letter detailed the steps Barclaycard would take if Mr H failed to pay or enter an arrangement, which included applying a default and passing the debt to a debt purchaser.

I can see the collection letters and default notice issued to Mr H were correctly addressed. Our investigator also sent Mr H copies of the correspondence we received from Barclaycard, and he didn't say he didn't receive it. So I'm satisfied Mr H was notified of Barclaycard's intention to apply the default.

I note Mr H's comments about his account access and not being able to make payments towards his debt – but as I've already said I can't consider this matter as this complaint has already been reviewed by an Ombudsman. In my view the collections letters outlined alternative ways to make payments, and the default notice provided a contact number. And I can't see Mr H cleared the arrears or made an arrangement to pay it. Therefore, I think Barclaycard acted fairly in defaulting the account in September 2021.

Lenders have a duty to report information fairly and accurately to credit reference agencies. The default is an accurate reflection of the state of Mr H's account, therefore I can't say Barclaycard did anything wrong by reporting it to the credit reference agencies.

I appreciate Mr H is also unhappy the account was passed to a debt purchaser. The terms and conditions of his account allow Barclaycard to sell it to a third party. This usually happens when the lender has decided the relationship has broken down and there's little prospect of recovering the debt. Barclaycard sold Mr H's account to the debt purchaser in October 2021 following the default. So I think it was reasonable for them to assign the debt to the debt purchaser when it did.

Mr H believes Barclaycard shouldn't have sold the account whilst there was an ongoing complaint. I appreciate this caused Mr H frustration, but Barclaycard can choose to sell an account at any point, and a complaint wouldn't prevent them from doing so. Therefore, I can't say it acted unfairly or unreasonably in selling the account following the breakdown of its relationship with Mr H.

I understand Mr H feels he was harassed by Barclaycard. I haven't seen anything to suggest Barclaycard were unreasonable in their contact with Mr H – I think the nature and level of contact reflected the status of the account. However, harassment is a criminal offence and I'm unable to make a decision on whether Barclaycard harassed him. So if Mr H wants a judgement on this, he would need to pursue it via the courts.

I'm sorry to disappoint Mr H, I know this isn't the answer he's hoping for. But I'm currently not persuaded Barclaycard did anything wrong. Therefore, I won't be asking it to do anything further.

I invited Mr H and Barclaycard to give me any more evidence and information they wanted me to consider before issuing my final decision.

Barclaycard didn't respond to say whether or not it accepted the provisional decision. Mr H didn't agree with the provisional decision. In summary he said:

- He was told to call a premium rate telephone number to make payments and wasn't provided with a free and convenient way when he requested it.
- He would like to know who changed his account details as it was done fraudulently. He says this caused him to lose access to his account and in turn impacted his credit file.
- His data was breached because his account was sold during a dispute, and this shouldn't have been allowed.
- He has closed his accounts with the company and no attempt has been made to work with him.
- He wasn't provided with his signed agreement in his SAR response from Barclaycard and would like a copy of this.

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.

I note Mr H's comments in response to the provisional decision. However, I've already explained why I won't be addressing his concerns about the changes to his title, account access and not being able to make payments towards his debt. So I won't be commenting any further on these points.

Mr H has also raised other concerns which don't form part of this complaint – a SAR response from Barclaycard and actions following the closure of his accounts. Mr H would need to give Barclaycard the opportunity to address these issues first, and if he remains unhappy with the response, he can bring the complaint to our service.

I acknowledge Mr H says he was given a premium rate telephone number to make payments, but the collection letters also detailed he could do this via standing order or at any Barclays branch. As Mr H was given alternative options and didn't clear the arrears or make an arrangement to pay it, I'm still not persuaded Barclaycard acted unfairly in applying the default.

I'm also satisfied Barclaycard hasn't done anything wrong in selling the account to the debt purchaser. As I mentioned in my provisional decision, Barclaycard is entitled to do this whenever it decides. And in doing so, it would need to share Mr H's details with the third party. So whilst I appreciate Mr H didn't expect Barclaycard to take this action during an ongoing complaint and feels it was a data breach, I can't say it has made an error here. However, if Mr H has concerns about this, he is free to pursue the matter with the Information Commissioner's Office (ICO) who can provide a ruling on whether Barclaycard has complied with data protection laws. Our role is to decide if Barclaycard treated Mr H fairly and reasonably, and I think it has.

Having reconsidered everything, I see no reason to depart from my provisional decision. I still think Barclaycard were entitled to take the actions that it did.

My final decision

For the reasons set out above, I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 8 October 2024.

Tania Henry
Ombudsman