

The complaint

Ms K is complaining about Barclays Bank UK PLC because she says she was told it would remove a default from her credit file after she paid the outstanding balance on her account. But when she recently tried to do this, she was told the default wouldn't be removed.

What happened

Ms K had a credit card account with Barclays. She last made a payment in November 2021 and called Barclays the following month to explain she was in financial difficulty. Barclays' agent completed an income and expenditure assessment that showed her outgoings exceeded her income, meaning it wasn't possible to agree a reduced payment plan. Instead, Barclays agreed to give her until February 2022 to bring the account up to date, after which time a default would be registered.

When no payment was received by February 2022, Barclays closed the account and registered a default. This has been backdated to December 2021.

Earlier this year, Ms K called to pay the outstanding balance in the belief the default would be removed from her credit file. Barclays declined to do this. It said the default was correctly registered and that it must report the account status accurately to the credit reference agencies (CRAs). But as a gesture of goodwill, it agreed to write off the outstanding balance on the account. It also paid compensation of £100, which it says was in recognition of the fact it hadn't updated Ms K's address correctly in 2021.

Our investigator didn't recommend the complaint be upheld. She was satisfied Barclays was entitled to register the default when it did and that it was required to continue reporting this to the CRAs. She didn't think there was sufficient evidence Ms K was incorrectly told the default would be removed at a later date if the outstanding account balance was repaid.

Ms K didn't accept the investigator's assessment. She maintains she was told by Barclays' agent in December 2021 that the default would be removed once she paid the outstanding account balance. She also points out that she didn't receive the default notice because her address wasn't properly updated but says the £100 compensation wasn't for this, but rather for the issue with the default.

The complaint has now been referred to me for review.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any

regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

Before going any further, I have read what Ms K has said about her circumstances in recent years and I can see that she's been through a very difficult time. I hope her situation is now improving and continues to do so going forward.

From the evidence provided, it appears that by December 2021 Ms K was in a position where she could no longer afford to make regular payments to her account or to maintain a reduced payment agreement. In the circumstances, Barclays was entitled to close the account. Guidance from the Information Commissioner's Office (ICO) says a default should be registered when the customer is between three and six months behind with their payments. As no payment was made by February 2022, I'm also satisfied Barclays was entitled to register a default at that time.

I'm aware Ms K didn't receive the default notice because Barclays didn't update her address correctly. But her account also makes it clear that she knew from her discussions with Barclays in December 2021 that a default would be registered if she didn't bring the account up to date. The evidence also indicates she wasn't in a position to make appropriate payments at the time. So, on balance, I don't think Ms K was disadvantaged because she didn't receive the default notice.

Lenders are required to report the status of an account accurately to the CRAs and Barclays wouldn't normally be able to remove a default that was correctly registered, as in this case. I appreciate Ms K says she was told differently by the agent she spoke to but, unfortunately, there's no recording of this call available or any other evidence to support her recollection on this point. I'm therefore unable to find in her favour.

It's for these reasons that I'm not upholding Ms K's complaint. I realise this outcome will be disappointing for her, but I'm satisfied it's fair and reasonable in the circumstances and I hope the additional explanation provided is helpful.

While I don't think it's appropriate for Barclays to remove the default, I'm pleased to see it helped Ms K by agreeing to write off the outstanding balance owed. It also paid compensation of £100 and I think that's a reasonable amount in recognition of its error in not updating her address correctly.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 29 October 2024.

James Biles
Ombudsman