

The complaint

Miss O complains that Barclays Bank UK PLC trading as Barclaycard was irresponsible in its lending to her. She wants Barclaycard to take back her account and to refund all interest and charges along with interest and to remove any adverse information from her credit file.

What happened

Miss O says she shouldn't have been provided with a Barclaycard account. She says that Barclaycard should have checked her credit file and had it done so it would have found she had several missed payments, a £2,000 overdraft and was using payday loans. She said that after being provided with the credit card she frequently missed payments and was operating at her credit limit which showed the lending was irresponsible. Miss O says she had to engage a debt charity to assist her with her financial situation.

Barclaycard issued a final response dated 1 May 2024, upholding Miss O's complaint. It said that Miss O's account was opened on 16 January 2019, with a credit limit of £3,500 and it agreed that the credit limit wasn't affordable. It credited Miss O's account with a refund of £604.54 to reflect the interest and charges applied. It also said that the reporting of the account would be removed from Miss O's credit file.

Barclaycard then issued a further final response letter dated 20 June 2024, following further communication with Miss O. It accepted that Miss O's previous points about her account being transferred to a debt collection agency and wanting to raise a Subject Access Request (SAR) hadn't been addressed and it offered to pay her £50 because of this. It noted Miss O's request that the full balance of her account be cleared but said it had refunded total interest and charges applied and that Miss O had the benefit of the remaining balance and so she remained liable for this. It said that ownership of the debt was transferred correctly to another company and Miss O would need to discuss her account with the new owner. It confirmed that her account had been deleted from her credit file and said that her SAR had been passed the relevant team.

Our investigator didn't uphold this complaint. He thought the actions taken in response to Miss O's complaint were reasonable and in line with what we would expect. He noted Miss O's comment that she wanted the debt written off with the new debt owner and for the refund agreed by Barclaycard to be paid to her. However, he didn't agree this was a fair outcome. He said the debt was purchased by the new owner before the complaint had been settled and the refund calculated by Barclaycard wasn't enough to clear the outstanding balance and so it was used to reduce this. He thought this was fair.

Miss O didn't accept our investigator's view. She didn't accept that she should be paying any amount owed to the new debt owner. She said she didn't agree to the debt being assigned.

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 can understand why Miss O is upset by the experience she has had with Barclaycard. She raised an irresponsible lending complaint and as Barclaycard upheld the complaint, I have considered whether the actions it then took were reasonable and fair and in line with what we would expect given the circumstances of the complaint.

When it is identified that a business has lent irresponsibly, we would usually require it to refund any interest, fees and charges applied to the account and remove any adverse information from the customer's credit file once there was no longer an outstanding balance on the account. In Barclaycard's final response letter dated 1 May 2024, it said it had credited Miss O's account with £604.54 which was the total amount of interest and fees applied to her account. It also said that the reporting of the account would be removed from her credit file. I find these actions were in line with what we would expect.

I understand that Miss O wanted her outstanding balance written off, but we wouldn't usually expect this to happen. That is because Miss O had the benefit of the money she borrowed and while we wouldn't expect Barclaycard to benefit financially from this due to the lending being considered irresponsible (hence the refund of interest and charges) we would still expect Miss O to repay the amount she borrowed.

Miss O raised further issues that Barclaycard didn't address in the initial final response letter and so it issued a second final response letter. In this it apologised for not responding to the additional points raised and said that Miss O's account had been transferred correctly and that her SAR request had been passed to the relevant team. It paid her £50 because of this which I find reasonable.

Miss O isn't happy that she is being required to pay another party rather than her account remaining with Barclaycard, but I cannot say that Barclaycard did anything wrong by transferring the account. The account terms and conditions set out that the agreement can be transferred at any time, and I have nothing to suggest that Barclaycard did anything wrong in this process. As there is now a new owner of the debt, Miss O will be required to contact it in regard to the outstanding balance.

Taking everything into account, I find that the actions taken in response to the issues Miss O has raised are reasonable and therefore I do not uphold this complaint.

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 Miss O to accept or reject my decision before 4 November 2024.

Jane Archer
Ombudsman