

The complaint

Mr O complains Barclays Bank UK PLC, trading as Barclaycard, closed his credit card and unfairly registered a default against him after clearing his bank account balance. Mr O says Barclays have discriminated against him based on a protected characteristic.

To put things right, Mr O wants the default removed.

What happened

The details of this complaint are well known by both parties, so I won't repeat them again here in detail. Instead, I'll focus on setting out some of the key facts and on giving my reasons for my decision.

Barclays closed all of Mr O's accounts around January 2023 and moved his funds into one of its internal accounts. Barclays also carried out a proof of entitlement exercise by asking Mr O for information about the funds.

However, this complaint only deals with the dissatisfaction, and related points, Mr O has raised about his credit card account. Any complaint about other accounts has been dealt with under another complaint reference at this service.

Barclays also sent Mr O notification his credit card account was closed with immediate effect in January 2023. The letter explained that Mr O's card would no longer work, and that he needs to keep making at least the minimum monthly payments on the account. Mr O was also told he can make payments by setting up a direct debit, pay online, through his Barclaycard app, or by phone.

Payments were made to the account in January and February 2023. In March 2023, Barclays took the full balance payment of around £9,300 from Mr O's funds held with it in its internal account. However, in April 2023, Barclays reversed its decision and reverted Mr O's card balance to the outstanding amount of £9,300.

Mr O says that he wasn't sure if he had to make payments as on one hand he was being told he had to from letters he was receiving - but his Barclaycard app was showing he didn't as it had a zero balance. Mr O says he made substantive calls and visited a Barclays branch, but no one was able to conclusively tell him what to do, what was happening, and able to facilitate a payment to the account when he asked to do so.

In April 2023, Barclays sent Mr O a default sum notice letter explaining he needed to make payment. Subsequent letters of a similar nature were then periodically sent, and as no payment was received, a default was registered against Mr O in July 2023. Unhappy, Mr O complained.

Barclays didn't uphold Mr O's complaint points about the default being applied. Mr O agreed a repayment plan for his credit card debt in November 2023.

Mr O referred his complaint to this service. One of our Investigator's looked into it, and they

recommended it wasn't upheld. In short, their key findings were:

- Barclays sent Mr O letters in April, June and July 2023 explaining that he had missed payments, was in arrears, and a default registered against him
- Mr O being told his balance had been repaid was misleading
- But in its chat messages, Barclays confirmed to Mr O in April 2023 that his balance was still outstanding. Barclays had also told Mr O, in its notice to close letter, he needed to maintain payments. And this was repeated in subsequent notices. But Mr O made no more payments after February 2023
- Barclays therefore provided Mr O with sufficient communication of his obligations to make payment. And when he didn't, Barclays acted fairly and reasonably in the actions it took

Mr O didn't agree with what our Investigator said. He says the outcome is grossly unfair especially given the significant impact Barclays' actions have had on his mental wellbeing. Mr O emphasised that he tried on many occasions to confirm with Barclays what he should do and was told he should ignore the payment messages. He adds that he was mostly out of the UK with no access to his mail.

Our Investigator looked into Mr O's complaint again. But they still thought Barclays did enough to make Mr O aware he need to make payments. They also said that Mr O couldn't identify why he was racially discriminated against, nor had they seen evidence this was the case.

As there was no agreement, this complaint was passed to me to decide. I then sent both parties my provisional decision in which I set-out what I was planning on deciding. For ease of reference, here is what I said:

Provisional decision

"I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr O and Barclays have said before reaching my decision.

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'm planning on upholding this complaint in part. I'll explain why.

Account closure

Barclays is entitled to close an account just as a customer may close an account with it. But before Barclays closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Barclays and Mr O had to comply with, say that it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice - and demand immediate repayment of the balance.

Barclays effectively ceased Mr O's ability to further use his credit card when sending him notification to close it. But at that point In January 2023, Barclays allowed Mr O to make at least his minimum contractual monthly payments – and so didn't demand full repayment.

Barclays has explained why it decided to do this. Having carefully considered the information I've been provided; I'm persuaded Barclays acted in line with its terms of account and wider obligations in doing so. I can understand why Mr O might want a detailed explanation for why Barclays took the actions it did, but it is under no obligation to do so.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Barclays has provided is information we consider should be kept confidential.

Right to set-off and application of default

To my mind this is the crux of Mr O's complaint. That is Barclays has acted unfairly in applying a default against Mr O after initially setting off funds from his current account to repay his credit card. And then reverting this decision which caused confusion and ambiguity to the extent Mr O wasn't sure if he needed to make any payment.

Mr O has also consistently maintained he was given vague and unhelpful answers both in branch and on the phone when speaking to Barclays. He also asserts that he was told on more than one occasion he had a zero balance and should ignore any communication to the contrary.

Having looked at all the evidence presented to me, which includes listening to a multitude of calls Barclays has provided, I think this is a finely balanced point. I say that because on one hand I can see Barclays sent several letters from April 2023 and onwards about Mr O needing to make payments. And Barclays had said from the point of closing the account that Mr O needed to do so.

On the other hand, the calls I've listened to show that Mr O was consistently, over a four-month period, trying to ascertain what the true position of his account was. He has said that he wasn't able to access his banking app, but the Barclaycard app was showing he had no balance. He also consistently maintained he'd been told by staff that he should ignore the repayment notices.

I also note that Mr O was often passed from one department to another without any conclusive narrative about what he needed to do. And when he had become frustrated with things, he offered to make a payment, but this too was met with the staff not knowing what to do and passing him to other departments and/or teams. I haven't heard at any point that Mr O wasn't prepared to make a payment.

Barclays initially exercised its 'right to set off' the credit card balance and then reverted on this by leaving Mr O's funds in its internal account and maintaining the debt balance on the credit card. Without an explanation or context being made apparent to Mr O, I can see why this would have been very confusing and in turn caused events to unfold in the way it did.

Having carefully considered this, I'm persuaded that Barclays has failed to communicate

clearly and not in a misleading way. So it follows that I think there's been a failing in the way Barclays has communicated its actions which in turn led to Mr O being misled. I also think what Mr O did thereafter was reasonable, especially as he made many attempts to get to the bottom of what was going on.

Because of this, I'm satisfied Barclays needs to put things right.

Mr O was aware in November 2023 that he needed to make payments and so arranged a repayment plan, so I think Barclays should re-work the account from that point. That means it should not charge Mr O any interest or charges from April 2023 up until November 2023's payment. That's because he reasonably believed the balance had been paid up to that point due to Barclays' communication failings.

Barclays should also remove the default from Mr O's credit file with the agencies it reports to and start reporting the status based on the payments made from November 2023 onwards. That means no adverse markers should be present from March 2023 up until November 2023.

Distress and inconvenience

Mr O says that Barclays' actions have significantly impacted his mental wellbeing. I have no reason to question that Mr O would have suffered distress and inconvenience because of Barclays' communication failings. But it doesn't follow that I must award Mr O compensation in these circumstances.

Instead, I must consider all the circumstances and information surrounding Mr O's complaint to decide whether I think awarding compensation would be a fair and reasonable outcome.

After considering what Mr O has said and the content of Barclays' review, I don't find awarding him compensation would be fair or appropriate. I understand Mr O would naturally want to know the information I have weighed up in order to reach this finding. But as I've set out already, I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.

Accordingly, as I've said, I have accepted information in confidence which I am not disclosing to Mr O. And the description of that information is that it's of a nature which justifies Barclays' review and closure, and which has led me to decide that awarding him compensation would not be a fair or appropriate outcome for any of the matters he has brought as part of this complaint.

So, I'm not requiring Barclays to compensate Mr O for any distress and inconvenience he may have experienced because of what Barclays did wrong, and the further dissatisfaction he experienced which ultimately flowed from this including his unhappiness with Barclays' communication and customer service issues.

Discrimination

Mr O says Barclays have discriminated against him based on his race. Mr O hasn't given specific details of any events but believes Barclays has acted in this way more holistically.

I'd like to assure Mr O that I've very carefully considered everything he's said about this. And I want to make clear I don't doubt how genuinely he feels about this matter and the upset Barclays' actions have caused him. While I appreciate this is Mr O's perspective, it is not my role to decide whether discrimination has taken place as a matter of law – only the courts

have the power to decide this.

I have, however, considered the relevant law in relation to what Mr O has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010. But after doing so, I've not seen evidence to indicate Mr O has been treated unfairly"

The deadline for both parties to provide further comments and evidence has now passed.

In response, Mr O has made the following key points:

- He accepts Barclays has the right to close his account and he has no further interest in having an account with it. And he's happy the default marker be removed
- He doesn't agree about compensation not being paid given the severe impact this has had on him, but he will accept this recommendation. Barclays did offer him £200 compensation which Mr O rejected

Barclays also responded to my provisional decision. In the main Barclays say it didn't use the right to set-off, but the situation arose, in the way it did, as Mr O's direct debit was returned unpaid. Barclays have also sent me a timeline of when it attempted direct debit payment for the full balance for March and April 2023.

I will now decide this complaint.

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, and predominantly for the reasons in my provisional decision, I have decided to uphold this complaint in part.

Barclays have said that it never exercised its right to set-off when attempting to pay off Mr O's balance. I apologise for any oversight or assumption on my part for suggesting this is what happened. But even if it was a failed direct debit(s) that was showing a nil balance was due, I still think Barclays failed to communicate clearly and not in a misleading way.

That's because it had initially said Mr O could make at least his minimum monthly payments after notice to close the account was given. So I question why it was attempting to take full payment of the balance. I also stand by what I said in my provisional decision, that is:

"On the other hand, the calls I've listened to show that Mr O was consistently, over a four-month period, trying to ascertain what the true position of his account was. He has said that he wasn't able to access his banking app, but the Barclaycard app was showing he had no balance. He also consistently maintained he'd been told by staff that he should ignore the repayment notices.

I also note that Mr O was often passed from one department to another without any conclusive narrative about what he needed to do. And when he had become frustrated with things, he offered to make a payment, but this too was met with the staff not knowing what to do and passing him to other departments and/or teams. I haven't heard at any point that Mr O wasn't prepared to make a payment"

And similarly without an explanation of why his balance was showing as settled, I still see

why this would have been very confusing and in turn caused events to unfold in the way it did. So it follows that I think Barclays need to remove the default and rework the account in the way I explained in my provisional decision.

Mr O has said he will accept my recommendation of not awarding compensation but has emphasised the significant impact Barclays' actions have had on him. After careful consideration, and for the same reasons in my provisional decision, I won't be making any direction for Barclays to pay compensation for any distress or inconvenience Mr O suffered.

Putting things right

To put things right, Barclays must:

- Remove the default marker from Mr O's credit file with credit reference agencies for his credit card. So no adverse markers should be present from March 2023 up until November 2023
- Rework Mr O's account from November 2023 when he agreed a repayment plan with Barclays
- Remove any interest and charges on the account from April 2023 up until November 2023's payment

My final decision

For the reasons above, I have decided to uphold this complaint in part. Barclays Bank UK PLC must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 28 October 2024.

Ketan Nagla
Ombudsman