

The complaint

Mrs C complains about the interest rate used on her credit card with Barclays Bank UK PLC trading as Barclaycard.

What happened

Mrs C's explained that she's held a credit card with Barclaycard for over 25 years. In August 2022 Barclaycard contacted Mrs C and advised it had identified the her account was in persistent debt and discussed increasing monthly payments to repay the balance quicker. Details of a proposed plan were provided but Mrs C has told us she declined to proceed but made payments of between £300 and £400 a month to try and reduce the outstanding balance.

Mrs C's told us she's also noticed that Barclaycard offers customers various low interest rates but has explained she's paying 29.6%. Mrs C says she's never been offered a lower interest rate by Barclaycard.

Earlier this year, Mrs C contacted Barclaycard and complained. Mrs C asked Barclaycard to consider suspending or reducing interest on her account and agreeing a paydown plan of between £200 and £240 a month.

Barclaycard issued a final response on 30 May 2024 and said Mrs C's credit card was identified as being in persistent debt in 2022 as she'd paid more interest, fees and charges than she'd paid off the outstanding balance in the previous 18 months. Barclaycard acknowledged Mrs C had declined the paydown plan on the basis she was concerned about affording repayments in retirement. Barclaycard added 0% promotional interest rate offers aren't a standard feature of Mrs C's credit card and are not guaranteed.

Barclaycard went on to confirm it was unwilling to reduce Mrs C's current interest rate at that time but agreed to suspend interest for one month. Barclaycard said, in that time, Mrs C should speak with its Specialist Team to see if it could offer further support with interest and payments. Barclaycard paid Mrs C £25 in recognition of poor service when she raised her concerns.

Mrs C referred her complaint to this service and it was passed to an investigator. They asked Barclaycard to supply its case file. Within its response, Barclaycard said it wanted to offer Mrs C a further £50 in recognition of the inconvenience caused by contacting it to discuss persistent debt. Our investigator thought Barclaycard had made a fair offer to settle Mrs C's complaint. The investigator thought Barclaycard had reasonably identified Mrs C's credit card as being in a persistent debt position. The investigator also thought Barclaycard's request that Mrs C either agrees a pay down plan or speak with its Specialist Team to discuss her options was reasonable.

Mrs C asked to appeal and said that if she continued to make payments at the existing level it would take 30 years to repay the balance. Mrs C explained she's not in financial difficulties and has never missed a payment so doesn't think it's fair that repayment plans could be noted on her credit file. Mrs C added that another credit card provider had agreed to reduce

her interest rate to help pay the balance back quicker. As Mrs C asked to appeal, her complaint has been passed to me to make a decision.

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'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

In her complaint to us, Mrs C explained she's never received a reduced interest rate from Barclaycard despite being a credit card customer for over 25 years. But I think Barclaycard makes a reasonable point when it says the promotional interest rates it offers don't form part of the standard agreement with Mrs C. Barclaycard has confirmed it does offer promotional interest rates to existing and new customers but that they'd have to be applied for. I appreciate why Mrs C wants Barclaycard to reduce her interest rate, but I'm satisfied it's fairly applying the correct interest rate, in line with its terms and conditions.

Mrs C says she wants Barclaycard to reduce her interest rate so she can pay off the balance quicker. But Barclaycard's persistent debt letters and proposed paydown plan confirmed that if Mrs C was willing to proceed, it would reduce the standard interest rate from 29.6% to 26.6%. Barclaycard added that by doing that and making fixed repayments of £346 instead of the contractual minimum payment of £268 Mrs C's debt would be repaid in around four years. I understand Mrs C is concerned that she may not be able to afford repayments at that level throughout her retirement. But I'm satisfied Barclaycard did offer a reduced interest rate and credible paydown option to Mrs C and haven't been persuaded it treated her unfairly.

I note Barclaycard provided contact details for its Specialist Team to see if there were other options it could offer to assist, including looking at Mrs C's interest rate. I understand Mrs C's concerned that doing so could impact her credit file. But there's no option for Barclaycard to simply reduce the interest rate without Mrs C either agreeing a paydown plan as part of the persistent debt options offered or speaking with the Specialist Team to see if it can provide tailored support. I'm sorry to disappoint Mrs C but I'm satisfied the options Barclaycard has provided are fair and reasonable in the circumstances of her complaint. I leave it to Mrs C to decide whether she wants to take Barclaycard up on the options its provided.

Barclaycard paid Mrs C £25 when it issued its final response and offered a further £50 in recognition of the service provided. As I haven't seen anything that shows Barclaycard's made a mistake or treated Mr C unfairly I'm satisfied it's made a fair offer to resolve her complaint. As a result, I'm not telling Barclaycard to do anything else.

My final decision

My decision is that Barclays Bank UK PLC trading as Barclaycard should pay Mrs C a total of £75 (less any compensation already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 14 November 2024.

Marco Manente
Ombudsman