

The complaint

Mr C complains that Barclays Bank UK PLC trading as Barclaycard recorded his credit card account as in default.

What happened

In 2021, Mr C made a complaint to Barclaycard, saying he'd made a payment of £2,000 to his credit card account that Barclaycard could not locate. On 6 September 2021, Barclaycard issued its final response to that complaint. Barclaycard said it had been unable to locate the payment. Barclaycard told Mr C it would review this if he provided a trace report or payment ID for the missing payment. Barclaycard then went on to say it had not received the full minimum payment for Mr C's account on or before the payment due date in May, June, July or August 2021. Barclaycard said Mr C's account had been suspended as it had not received the minimum repayment that was due on time. Barclaycard asked Mr C to bring his account back in order to avoid any additional charges being applied. Unhappy with Barclaycard's response, Mr C referred his complaint to our service.

On 2 December 2021, Barclaycard sent a default notice to Mr C. The letter said that under the terms of Mr C's agreement, it is a condition that he must make at least the minimum payment each month by the date shown on his monthly statement. As Mr C had missed a number of payments and his account was still overdue, he had broken the agreement. Barclaycard told Mr C he must pay £810.62 into his account by 2 January 2022 or it would close his account and issue a formal demand for the whole balance. Barclaycard said details of this default will be registered with the credit reference agencies and it may pass on his debt to a third party debt purchaser.

On 14 December 2021, one of our Investigators reviewed Mr C's complaint about the missing £2,000 payment. The Investigator didn't think Mr C's complaint should be upheld because Barclaycard was willing to carry out further investigations if Mr C provided further information about the payment he'd complained about. Mr C's complaint about the missing payment of £2,000 has not formed part of this new, separate complaint about the default Barclaycard has since recorded on Mr C's credit file.

On 28 January 2022, Barclaycard wrote to Mr C again. Barclaycard said it had previously sent Mr C a default notice asking him to make a payment or get in touch to make a formal arrangement. As that hadn't happened, it had registered a default with the credit reference agencies and the default would stay on Mr C's credit file for six years. Barclaycard added it may pass Mr C's account to a debt collection agency.

In 2024, Mr C complained again to Barclaycard. Mr C said that in 2021, Barclaycard told him not to pay anything until the Ombudsman decided his complaint. Mr C says he thought this was strange and double checked. Mr C says he also asked if his account had been defaulted, and was told it had not been defaulted. Mr C says he only discovered his account had been defaulted when he recently applied for a mortgage. Mr C added that Barclaycard had recorded his address incorrectly.

Barclaycard didn't uphold Mr C's complaint and let him know he had the right to refer his complaint to our service to review, which he did in August 2024. One of our Investigators reviewed Mr C's complaint about the default but didn't uphold it. Our Investigator said the address Barclaycard used on its letters to Mr C was correct, noting it sent him a notice of his arrears and a default notice. Mr C asked for his complaint to be reviewed, so this has come to me for 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 have considered whether Barclaycard made an error in defaulting Mr C's account. The terms and conditions of Mr C's Barclaycard set out that missing payments could affect Mr C's records with credit reference agencies, making it harder or more expensive for him to borrow in the future. The terms and conditions also set out that Barclays may sell Mr C's debt to another organisation.

Mr C's statements for May and June, 2021 showed he paid more than the minimum monthly repayments, but these were not received on time. Mr C failed to make his monthly repayment due by 22 July 2021 – he only made partial repayments in July, August and September 2021. The guidance set out by the Information Commissioner's Office sets out that Barclaycard would normally be expected to register an account as in default when it is between three and six months in arrears. So, I would have expected Barclaycard to register a default within six months of Mr C's missed payment on 22 July 2021. Here, Barclaycard recorded Mr C's account on 28 January 2022, just over the six month mark. I don't think it was unreasonable for Barclaycard to wait for around six months here as Mr C did make partial repayments for some of those months. Barclaycard did default the account within six months of Mr C's last partial repayment, so I don't think I need to ask Barclaycard to do anything further here.

I understand Mr C is unhappy a default was applied, but Barclaycard is obliged to ensure its record of Mr C's account on his credit file is an accurate reflection of how his account was managed. I note Mr C's statements set out that missing payments could make it more difficult for Mr C to obtain credit in future. The default notice sent to Mr C on 2 December 2021 was also clear details of the default would be registered with credit reference agencies.

Mr C's account was defaulted because he failed to pay the minimum payments due. I understand Mr C says he was told he did not need to make repayments to his account whilst his complaint was being investigated in 2021, and wasn't aware his account had defaulted until 2024. Barclaycard don't have recordings of Mr C's calls from that time so I cannot know for certain what was said. There is nothing in Barclaycard's notes of Mr C's calls that say he was told he did not have to make repayments. I accept he may have been told his account had not defaulted during his calls with Barclaycard in 2021 as the account didn't default until 28 January 2022. But I think the evidence shows that in 2021, Mr C was told he needed to keep up with his repayments and he was told what the consequences of failing to make payments would be.

Mr C's statements from August 2021 set out the arrears and asked Mr C to repay them. Barclaycard's letter to Mr C on 6 September 2021, sent in response to his previous complaint, told him his account was in arrears and had been suspended – the letter did not tell Mr C he didn't need to make payments. Barclaycard sent Mr C further statements asking for his arrears to be repaid. Barclaycard then sent a default notice on 2 December 2021. I've seen nothing to support Mr C's testimony that he was told he didn't need to make repayments. Instead, I think the evidence shows Barclaycard was very clear with Mr C that

he needed to keep up repayments.

Barclaycard has provided copies of the default notice it sent on 2 December 2021 and its letter dated 28 January 2022, which let Mr C know his account had been recorded as in default. I note Mr C says Barclaycard did not record his house name correctly. The letters had Mr C's correct door number, town, street and postcode. They were sent to the same address listed on Mr C's statements. Barclaycard said Mr C had not previously made it aware of any issue with his listed address. So, I think it's unlikely the slight variation in address Barclaycard had on file from what Mr C says it should have been would prevent these letters from arriving safely with Mr C. Whilst Mr C says he didn't receive a default notice through the post, I think Barclaycard did what it needed to do by sending the letters and it is not responsible for those letters not being received. Barclaycard has since sold the debt to a debt collection agency, which the terms and conditions of the account allowed it to do.

Overall, I cannot uphold Mr C's complaint that he was told he did not need to make repayments in 2021. I think Barclaycard gave Mr C the appropriate notice and took reasonable actions throughout the default process. It follows that I cannot ask Barclaycard to remove the default from Mr C's credit file, as has requested.

My final decision

I realise my decision will likely disappoint Mr C, but I have not upheld his complaint for the reasons set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 27 December 2024.

Victoria Blackwood
Ombudsman