

The complaint

Mrs S complains that Barclays Bank UK PLC trading as Barclaycard ("Barclaycard") suspended her credit card despite her making payments. She also complains that Barclaycard failed to treat her appropriately as a vulnerable customer.

What happened

Mrs S has a credit card account with Barclaycard. In 2023, Barclaycard identified her account as being in persistent debt, and so they sent Mrs S letters and messages advising of the steps she needed to take to ensure the account was brought out of this.

In summary:

- On 4 January 2023, Barclaycard wrote to Mrs S to inform her that she'd paid more in interest, charges and over the previous 18 months which meant she was in persistent debt. They told Mrs S that she needed to keep up with a new recommended monthly repayment of £161. And they told her that they would review the account over the next 18 months and if Mrs S remained in persistent debt, they might suspend her account.
- Barclaycard sent a further letter to Mrs S on 3 October 2023 explaining that she remained in persistent debt and advised her that she needed to pay £185 each month to address this.
- On 31 July 2024, Barclaycard sent Mrs S a SMS saying her card would be suspended on 11 September 2024 and asking her to contact them to set up a paydown plan.
- A further SMS was sent to her saying the same thing on 27 August 2024.
- Barclaycard sent Mrs S a SMS on 13 September 2024 saying her card had been suspended.

Mrs S complained to Barclaycard. She said they hadn't acted on her instruction that she would be increasing her monthly payments to £150. She also said that Barclaycard suspended her account while she was in hospital and before they'd replied to her complaint. Mrs S was also unhappy that the suspension meant she couldn't pay for her disability mobility car.

Barclaycard didn't uphold the complaint. They said they had acted correctly regarding the persistent debt on Mrs S's account, although they did apologise that it took four calls from Mrs S to log her complaint.

Mrs S referred her complaint to our service. One of our investigators looked into what happened but didn't think Barclaycard had acted unfairly. In summary, he felt they had followed the relevant rules about persistent debt and had made Mrs S aware of the actions they would likely take. And he felt that, as Mrs S wasn't able to bring the account out of

persistent debt, Barclaycard's subsequent actions in suspending the account wasn't unfair.

The investigator noted that Barclaycard didn't give Mrs S referral rights to our service in their final response letter, as required, but didn't think this impacted her as she was able to bring her complaint to us.

Mrs S didn't agree with the investigator's view. She felt that Barclaycard hadn't acted fairly and so her complaint has been passed 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 want to acknowledge that I've summarised the events of the complaint to some degree. I don't intend any discourtesy by this – it just reflects the informal nature of our service. But I want to assure Mrs S and Barclaycard that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I can understand why Mrs S feels so strongly about Barclaycard's decision to suspend her card. And I'm sorry to hear that she was unwell and was in hospital for three weeks. I hope Mrs S has recovered from this.

Turning to the merits of Mrs S's complaint, one of the key considerations in my view is whether it was reasonable for Barclaycard to take the action they did when Mrs S had been making payments for some time that were well above the minimum amounts required.

As part of my consideration of this, I've referred to the Financial Conduct Authority's ("FCA") rules under CONC 6.7.27 about persistent debt that businesses such as Barclaycard have to follow.

The rules define persistent debt as when a consumer has paid more in interest, fees, and charges than they've repaid towards the capital they owe over the previous 18 months. The FCA require businesses to assess whether a customer falls within this definition and, when they identify this, they are required to send letters to their customer 18, 27 and 36 months after the account falls into persistent debt. I can see that Barclaycard sent the letters they were obligated to send to Mrs S. Those letters explained, amongst other things, why they thought Mrs S was in persistent debt and why increasing payments would reduce the cost of the borrowing. They also encouraged Mrs S to get in touch so they could provide advice.

The letters also explained that the rules on persistent debt meant that Mrs S's account would likely be suspended if insufficient action was taken. That was to enable Mrs S to get on top of the debt.

I think the letters from Barclaycard complied with the FCA rules and that their assessment the account was in persistent debt was correct. Barclaycard also sent Mrs S SMS messages advising her to arrange a paydown plan; this again seems a reasonable attempt by them to help Mrs S with the debt on the account.

I realise that Mrs S made monthly payments of £150 which was well above the minimum amounts required, however, that wasn't enough to remain on track to get the account out of persistent debt. So, it was off track and I note that Barclaycard suggested personalised payment amounts on a couple of occasions to help with this. However, because the suggested payments weren't ones that Mrs S was able to pay, Barclaycard suspended the account. I don't think that was unreasonable.

I appreciate that Mrs S wasn't able to then use the card to pay for her mobility car or use it to travel back home after her hospital stay. I'm sorry to hear about this and I can understand how much of an impact this had on her. However, according to the credit card statements that I've seen, Mrs S hadn't used the card from January 2023 to the point when the card was suspended, apart for one transaction in November 2023. So, I think Barclaycard were entitled to think that suspending the card wouldn't necessarily cause Mrs S detriment as it was reasonable for them to assume she was using other means to pay for her day to day living costs.

I've considered Mrs S's comments about how Barclaycard dealt with her complaint and that they suspended the card before this was responded to, which was also during the time when she was in hospital. However, I don't think that has a bearing on why Barclaycard suspended the card, when the reasons for that were because Mrs S wasn't able to make the required payments needed to bring the account out of persistent debt. And, as I've said above, I think they were entitled to suspend the account as a result of this.

Overall, I'm satisfied that Barclaycard followed the relevant guidance for customers in financial hardship and persistent debt and that they didn't act unfairly with regards Mrs S's account. So, I'm not upholding this complaint. I realise Mrs S will be very disappointed with this, but I hope she'll understand the reasons for my decision.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 17 January 2025.

Daniel Picken
Ombudsman