

## **The complaint**

A limited company, which I'll refer to as L, complains that Barclays Bank UK Plc trading as Barclaycard ('Barclaycard') closed its company credit card account and reported adverse information to the credit reference agencies (CRA).

L is represented by its director, Mr J.

## **What happened**

In August 2021 L applied for a Barclaycard Select Cashback Credit Card. Barclaycard accepted the application and gave L a credit limit of £2,000. L used the card frequently between August and November 2021, until the total balance exceeded the card limit. L didn't make the monthly repayments, so Barclaycard withdrew L's credit facility in December 2021.

Mr J called Barclaycard in December 2023 but couldn't complete the caller verification process. He went into a Barclays branch, where a member of staff verified his identity and confirmed this to Barclaycard in a call. Barclaycard told Mr J that they'd closed L's credit card account because repayments had been missed for three consecutive months.

Mr J complained. He said L wasn't notified of the account closure and had never received any correspondence in relation to it. He also said Barclaycard should remove the adverse information from L's credit file as it's impacting L's ability to obtain credit elsewhere. Mr J was unhappy that Barclaycard gave L conflicting information about who was administering the debt. Barclaycard initially told L that the debt had been transferred to a debt collection agency (DCA), but it later turned out that this wasn't the case.

Barclaycard said they'd look into what had happened, and in the meantime, they'd request for the information they reported to the credit reference agencies (CRA) in September, October and November 2023 to be amended. They also credited £150 to L's credit card account for the upset caused.

Unhappy with the time it was taking Barclaycard to resolve his complaint Mr J contacted the Financial Ombudsman Service, where it was considered by one of our investigators. He didn't think L had been given the opportunity to deal with the outstanding balance before Barclaycard closed the account. The investigator said Barclaycard should remove any adverse information reported to the CRAs about L's credit card from January 2022 onwards. He added that any further information Barclaycard could report would be dependent on L repaying the debt. And the investigator thought that Barclaycard should pay L an additional £100 for the inconvenience caused.

Mr J didn't agree. He said he'd still not received copies of the letters Barclaycard sent. He added that L never received statements for the credit card and wasn't given the opportunity to set up a minimum payment. Mr J said the additional £100 the investigator recommended didn't go far enough in compensating him for the level of inconvenience and disruption caused to his business. As no agreement could be reached the complaint was passed to me to consider.

I issued a provisional decision on 24 October 2024, saying I was inclined to uphold L's complaint in part. In that I said:

*"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 considering reaching a different outcome to that of our investigator. I'll explain why. Mr J has raised various points on behalf of L. But I'm going to focus on what I think is the key issue and the crux of L's complaint. This reflects the informal nature of our service.*

*Barclaycard haven't been able to send us some relevant information, including a copy of the credit card agreement, arrears letters and the account closure notice they said they sent. Where there is missing or conflicting information, as some of it is here, I've come to a decision based on the balance of probabilities about what I think is most likely to have happened.*

#### *Account opening and administration*

*It's not in dispute that L had a Barclaycard account. I've seen a copy of the application L completed over the phone with Barclaycard. This includes a copy of the Barclaycard Business credit card terms and conditions L agreed to be bound by when entering into the agreement. Amongst other things, the terms say:*

- Barclaycard will produce a monthly statement showing the minimum amount payable and the date it's due*
- L is required to pay at least the minimum payment by the payment due date shown on the statement each month*
- Barclaycard might include notices that they must give by law within the statement, including overdue payments, default fees or changes to the agreement*
- Missing payments will incur late fees and might lead to legal action and the debt being sold*
- Barclaycard can close the account and require immediate repayment if there's a regular or serious breach of the agreement.*
- The agreement continues until everything that's owed has been repaid, including amounts added to the account after the notice to close.*

*I've seen copies of the statements Barclaycard sent to L. The statements include the card balance, the minimum payment due and the date it needed to be made. From October 2021 the statements also include information about late fees applied to the account and payment reminders. I'm satisfied that Barclaycard fulfilled their obligation in line with the terms and conditions.*

*I appreciate Mr J says L didn't receive the statements. He said it appeared that Barclaycard had recorded L's address incorrectly. Looking at the application, I can see that the town name on L's business address is different to the one Barclaycard used. However, Barclaycard sent the statements to L's trading address – and this was recorded correctly. I can't fairly hold Barclaycard responsible if the statements weren't delivered.*

*It's also not in dispute that L didn't make the payments it was contractually obliged to make. Mr J said Barclaycard didn't give L the opportunity to set up a minimum payment. The terms and conditions do explain how payments can be made, including how to set up a direct debit. I've not seen anything to suggest that L contacted Barclaycard to set up a regular payment, so I can't say Barclaycard acted unfairly here.*

*Mr J said he had a personal and a business account with Barclays, so he thought the payment had been set up automatically. I'm mindful here that the monthly credit card statements clearly show that payments had been missed. So, if Mr J thought Barclaycard had set up a payment automatically, the information on the statements should have led Mr J to realise that no payment instruction was in place. I've already made a finding that if L didn't receive those statements, I don't think that is the result of any mistake by Barclaycard.*

*Following our investigator's assessment, Mr J said L still hadn't been told what the outstanding balance is. But I've seen an email from Barclaycard to Mr J in March 2024, telling him the outstanding amount and how to pay it. I think the email was sufficiently clear, so I'm not inclined to ask Barclaycard to do more here.*

#### Account closure and Barclaycard's reporting to the CRA

*The terms of the credit card allow Barclaycard to restrict the use of an account, and they give examples of when this may happen. This includes there being an increased risk of the customer not paying any current or future balance on the account. The terms go on to say:*

*"We may close your account and require immediate repayment of your total outstanding balance if you've broken this agreement regularly or seriously.*

*[...]*

*This agreement will continue until you've paid everything you owe, including amounts added to your account after the notice to close. You can repay all or part of the balance at any time."*

*L failed to make payments for three consecutive months, which is in breach of the terms set out above and which L agreed to be bound by. The terms don't require Barclaycard to give L the opportunity to bring the account up to date before closing it and so I don't think they made a mistake here.*

*That said, I'd have expected Barclaycard to get in touch with L to explain what they were doing. Barclaycard said they would have sent correspondence to L in line with their collection process, and that there were many attempts at getting in touch with L. But Barclaycard couldn't provide copies of any of the letters sent, and they said most of the collection notes have been purged from the system. Mr J on the other hand says that L never received any correspondence, and that they didn't get in touch in other ways to alert L to what was happening.*

*I've thought about this carefully. Barclaycard sent us their system notes from 30 December 2021, which show that the account was closed, and collection correspondence was requested to be sent to L. So, it appears that Barclaycard intended to get in touch with L about the account closure. But I can't be sure if the letter was sent, or which address was used. On balance, I'm not persuaded that Barclaycard notified L of the account closure in December 2021.*

*But while I think Barclaycard ought to have done more to let L know they'd closed the account, I don't currently intend to say that Barclaycard must now remove the adverse data they reported to the CRA. As far as I can see, the adverse data recorded in relation to L's card concerns the missed payments. I've not seen anything to suggest that a default was registered against L. If either party can demonstrate that a default was registered against L, I would ask them to provide it in response to this decision.*

*Barclaycard are duty bound to report accurate information to the CRA. Barclaycard started reporting missed payments from October 2021 onwards. Based on the evidence I've seen, I think that's an accurate reflection of how L operated its account. As I've set out above, L had used the credit card but didn't make the required monthly payments.*

*Mr J said Barclaycard didn't contact L about the debt, but the available evidence doesn't support what he's said. For example, Barclaycard's contact notes show that Barclaycard attempted to call L three times in April 2022, but that the calls weren't answered. Mr J said the number Barclaycard used to contact L was no longer active. The evidence I've seen shows that Mr J didn't update L's phone number until December 2023. I don't think it was unreasonable for Barclaycard to contact L using the number they had on file. It was L's responsibility to ensure it kept Barclaycard updated with any changes to its contact details.*

*In addition, Mr J mentioned in a call with Barclaycard that he had an email from March 2022. I asked Mr J to send me a copy of the email he referred to. Having read through the email, I'm satisfied that L ought to have reasonably been aware that:*

- The card had an outstanding balance*
- It needed to make a payment*
- Failure to do so could result in the credit limit being reduced and the account being closed.*
- Late or missed payment are shared with CRA*

*I'm mindful that Barclaycard had already closed the account by the time they sent the March 2022 email. This is at odds with the contents of the email itself, which suggests that the account was still open. But the email does make it clear that L had missed payments and that this would be reported to the CRA. I haven't seen anything to suggest L did make payments following that email. Overall, I'm inclined to say that Barclaycard can fairly report the missed payments from October 2021 onwards.*

*For completeness, Mr J said Barclaycard shouldn't be reporting information to the CRAs at all as they closed L's account in December 2022, and so all reporting should have stopped then. But the account being closed doesn't mean that L is no longer liable for the debt. As the debt hadn't been repaid or sold to a third party, I don't think it was unreasonable for Barclaycard to report the account as open and in arrears.*

#### *What was the impact on L?*

*Mr J said he had to take time away from L to resolve the matter. I can see that when Mr J got in touch with Barclaycard in December 2023, he was given incorrect information about the debt. Barclaycard told him the debt had been transferred on to a DCA in May 2022. And that the DCA was responsible for administering the debt on Barclaycard's behalf. Mr J called the DCA but they said they had no record of L. It*

*was only in April 2024, and after several chasers from Mr J, that Barclaycard confirmed the account had never been transferred to the DCA. Barclaycard have already credited £150 to L's credit card balance, but I think a higher award is warranted here to compensate L, particularly in view of what I've said above about the time it took Barclaycard to tell L who was administering the debt. I'm inclined to say Barclaycard should pay L an additional £100, bringing the total compensation to £250.*

*Mr J told us how frustrating he's found the whole experience and I recognise the difficulties he's faced in trying to resolve matters. He said the compensation should be paid to him, rather than L. I can only make awards to the eligible complainant though, and that's L. While Mr J is L's sole director, L is a separate legal entity. And so, I can't compensate Mr J for any distress he's personally experienced.*

*Mr J said the adverse information reported by Barclaycard has made it difficult for L to operate as it no longer has access to a credit card. And he said it caused L problems in obtaining credit. But as I've provisionally found that Barclaycard didn't make an error in reporting the missed payments I won't ask them to do anything further here.*

Barclaycard responded and said they'd already made changes to L's credit report and credited a total of £250 to L's account, which they were content with. Mr J also responded, and said, in summary:

- Mr J spoke to Barclaycard about the credit card in September 2021, including to see if they'd increase L's credit limit. Barclaycard didn't mention any problems with payments or arrears during that call.
- Barclaycard had given incorrect information about the debt being transferred to a DCA and had wasted his time in doing so.
- L never received statements.
- Barclaycard could have contacted L before closing the account because they had the correct phone number at the time.
- Barclaycard never asked for immediate repayment or made attempts at contacting L.
- Mr J is unable to contact Barclaycard to arrange a repayment as he's unable to pass the caller verification process.
- Barclaycard did report the account as defaulted.

### **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, I'm upholding L's complaint in part. I'll address Mr J's additional comments in turn.

Mr J said Barclaycard didn't make him aware of any problems with L's account when he spoke to them in September 2021. Looking at L's credit card statements, I can see the August 2021 statement carried a zero balance, so L didn't need to make a payment for that statement period. The September 2021 shows that L needed to make a payment of around £23 by 19 October 2021. It's not clear when in September Mr J spoke to Barclaycard, but I'm mindful here that L wasn't in arrears until it failed to make a payment by 19 October 2021. It follows that Barclaycard had no cause to flag any problems with Mr J in September 2021.

Barclaycard accepted that they'd given Mr J incorrect information about the debt having been transferred to the DCA. It appears that this was due to an administrative error. My provisional decision acknowledged that Mr J had to contact Barclaycard several times to sort this out and that was the reason I thought Barclaycard ought to pay L an additional £100 to reflect the inconvenience this undoubtedly caused.

Mr J made several points regarding Barclaycard's communication with L, including that L didn't receive credit card statements. I set out in my provisional decision that I wasn't persuaded Barclaycard got in touch with L before it closed the account. But while Barclaycard ought to have told L, it wouldn't have changed the overall outcome here. I say this because I found Barclaycard were entitled to close L's account as it was in breach of the account's terms. Barclaycard acknowledged that they could've done more and credited L £150 by way of apology. I think that's sufficient in the circumstances.

I don't agree with Mr J that Barclaycard made no efforts to get in touch with L. Their contact notes show they attempted to call Mr J throughout April 2022 and left messages. Mr J has also provided us with a copy of an email Barclaycard sent in March 2022, which sets out that L needed to get in touch with Barclaycard to make a payment. So, it can't be said that Barclaycard didn't attempt contact with L with regards to the arrears. I acknowledge what Mr J said regarding not receiving statements; however, based on what I've seen I'm persuaded they were sent, to an address Mr J provided Barclaycard with. And so I can't reasonably hold Barclaycard responsible if they weren't received.

I understand Mr J is finding it difficult to get in touch with Barclaycard to make repayments as he's unable to answer the caller verification questions. I'd encourage Barclaycard to get in touch with Mr J to try resolve the issue and facilitate L making payments.

Finally, Mr J says that Barclaycard did record a default, but he's not sent additional evidence of this. In any event, Barclaycard has said they've now removed all adverse information from L's credit report, so if they did report a default this should now be resolved.

In summary, my findings remain unchanged to those set out in my provisional decision.

### **Putting things right**

L ought to have been aware that it needed to make payments towards its credit card, but it failed to do so. And so, it was reasonable for Barclaycard to close the account and report missed payments to the CRA. For that reason, I'm not asking Barclaycard to amend the data it reported to the CRA, although I understand that they've already done so.

Barclaycard ought to have told L they were closing the account. And they ought to have been clearer much sooner about who was administering L's debt. For that reason, Barclaycard should pay L a further £100, bringing the total award for distress and inconvenience to £250. Barclaycard have confirmed that they've already credited that payment to L.

### **My final decision**

For the reasons set out above I'm upholding the complaint in part. Barclays Bank UK Plc trading as Barclaycard should take the steps set out above if they haven't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 12 December 2024.

Anja Gill  
**Ombudsman**