

## **The complaint**

Mrs J complains that Barclays Bank Limited is reporting a debt on her credit file that it shouldn't be reporting. Mrs J says this error has meant she hasn't been offered more favourable mortgage rates.

## **What happened**

Mrs J had an overdraft facility with Barclays. In 2017 she encountered financial difficulties and entered into a debt management plan. Mrs J says the plan included her debt to Barclays and there was an agreement for her to repay the amount owed on the overdraft through the plan. Mrs J says the plan ended in 2023.

Mrs J noticed the entry of the debt on her credit file in September 2023 and she raised a complaint with Barclays about the entry. The credit file entry showed Mrs J was in debt of over £9,000. Barclays reviewed Mrs J's complaint and said it had no records of receiving a letter from a debt management company including this overdraft debt in a debt management plan. It says the debt is still owed. Mrs J has provided evidence of a letter from the debt management company that shows the debt to Barclays was included in the plan.

Mrs J said seeing the debt on her credit file was a shock as she was under the impression the account was closed and there was nothing further to pay. Mrs J has said the credit file entry has impacted her ability to get a better mortgage rate and has estimated this has cost her around £5,000 to £10,000. Barclays didn't uphold Mrs J's complaint and so she referred it to the Financial Ombudsman Service.

When Mrs J referred her complaint to this service, one of our investigators looked at what Mrs J and Barclays had said. Our investigator tried to mediate with Barclays explaining that Mrs J had a letter about the debt being part of the debt management plan and asked Barclays to consider acting in light of this. Our investigator also said Barclays' notes showed it contacted Mrs J in 2018 even though there was a note on its system asking them not to contact her. Due to the trouble and upset that would have caused, our investigator asked Barclays to consider paying Mrs J £300 in compensation.

In response, Barclays agreed to back date the default date to December 2016 when the account was charged off, this meant the default would now be removed from Mrs J's credit file, as it would have been on her credit file for six years – until December 2022. Barclays also agreed to remove all interest, fees and charges applied from December 2016 and agreed to pay Mrs J compensation of £300.

Our investigator thought it was a fair way to resolve the complaint, but Mrs J didn't agree. She said the debt should be cancelled as Barclays is now statute barred from pursuing her for the debt. Mrs J says she paid towards the account through her debt management plan and as far as she was concerned there was nothing more to pay and this was strengthened by the fact Barclays hadn't contacted her for the entire time until she contacted it in 2023 when she saw the entry on her credit file. Mrs J also wants the compensation to represent the loss she says she's suffered by being unable to access more favourable mortgage rates.

## **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.

Both parties have provided a good deal of evidence, so I've had to summarise things in this decision. The rules of our service allow me to do this, but I want to assure the parties, if I don't mention every single point that's been raised, it's not because I haven't thought about it. I have considered everything that's been said and sent to us. However, I'm going to concentrate here on what I consider is key to reaching a fair and reasonable outcome overall.

Barclays' offer has the effect of removing the default from Mrs J's credit file, removing any interest, fees and charges added to the balance since December 2016 and providing Mrs J with £300 in recognition of the trouble and upset caused.

I've considered this offer. Barclays has provided its system notes for Mrs J's account, and I haven't seen any evidence to show it received the letter about the debt management plan. There is some information 2016 which shows Mrs J told Barclays she will be seeking a debt management plan due to her financial difficulties. So, while Mrs J has a letter confirming her debt was part of the plan, there's no record of Barclays receiving any communication from the debt management company about this. I don't know why this happened and appreciate that it is likely neither Mrs J's fault nor Barclays'. In any event, I think the action Barclays has taken to retrospectively accept the plan, backdate the default and remove interest, fees and charges is fair.

In terms of the compensation, Mrs J has said she was unable to access favourable mortgage rates, and this has cost her over £5,000. While I understand that adverse information on a credit file is very relevant to lenders when making lending decisions, Mrs J hasn't provided any documentary evidence supporting what she's said about being declined for a specific mortgage offer because of what Barclays reported on her credit file. In fact, in Mrs J's submissions she mentions there are a number of other creditors showing on her credit file. On that basis, I can't conclude that this entry by Barclays is either wholly or predominantly responsible for Mrs J being unable to obtain a more favourable mortgage rate as she says.

I think Barclays contacting Mrs J in 2018 when it was on notice not to contact her caused her upset and Barclays acknowledges it shouldn't have done that. I also think this plays into why Barclays hasn't contacted Mrs J since then as it placed care markers on her account. I think £300 is fair compensation for Barclays' error here.

Mrs J wants the debt written off. In the first instance, Mrs J has referred to the debt being statute barred. I'm not sure that it is. But, in any event, that is a matter for a court to consider should Barclays seek to enforce the debt. I've nonetheless considered whether it would be fair and reasonable for the debt to be written off. Barclays has confirmed this isn't something it is willing to do.

I've carefully thought about what Mrs J has said. However, I'm satisfied that she owes the debt, and this should be repaid. I say this because even if Barclays received the communication about Mrs J's debt management plan, she'd have paid £1 per month, bearing in mind the debt was over £9,000, Mrs J won't have fully repaid the balance on the overdraft at £1 per month. Mrs J has confirmed she paid through the plan which she says ended in 2023, given that is the case, there would still be an outstanding balance.

The debt management plan doesn't mean that a debt wouldn't have been owed at the end and Mrs J hasn't provided anything to suggest she fully repaid the debt or that Barclays agreed to write it off. The fact that the debt management plan came to an end doesn't automatically mean Mrs J's liability for the debt comes to an end as well. Even though the current account attached to the debt has been closed, the debt will remain outstanding.

I appreciate Mrs J has been and is still going through a tough time and I was sorry to read about her health and financial challenges. Mrs J has said she's unable to afford payments towards the debt due to these challenges. While I'm sympathetic to Mrs J's situation, I don't think it is fair to ask Barclays to write off the debt. There is a question of whether Barclays has any reasonable prospects of recovering the monies given Mrs J's circumstances but that is a matter for it to decide. Nonetheless, I would remind Barclays of its obligation to exercise forbearance and due consideration in any attempt that it makes to recover the outstanding balance.

Based on the information, Mrs J still has an outstanding balance with Barclays and as she had use of the funds, it is fair for her to help responsible for repaying it. So, I won't be asking Barclays to write off the debt. Overall, I think Barclays' offer is fair and reasonable in the circumstances and it needs to put things right as indicated.

### **Putting things right**

Barclays has made a fair offer to Mrs J and so it should do the following to put things right for her:

- Remove interest, fees and charges applied to Mrs J's balance after the account was charged off in December 2016.
- Backdate the default to December 2016 and as it would have stayed on her credit file for six years, it shouldn't be showing on her credit file anymore.
- Pay Mrs J £300 for the trouble and upset caused.

### **My final decision**

For the reasons given above, I uphold Mrs J's complaint in part and direct Barclays Bank PLC to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 10 March 2025.

Oyetola Oduola  
**Ombudsman**