

The complaint

Mr X complains Barclays Bank UK Plc trading as Barclaycard defaulted and closed his credit card account.

Mr X is represented in bringing this complaint, for ease I'll refer to all interactions as being those of Mr X.

What happened

Mr X opened a credit card account with Barclaycard in 2016. In August 2023, Mr X wrote to Barclaycard to say he'd been incarcerated and asked that his account be placed on hold and any interest frozen for the duration of his incarceration. Mr X says he didn't hear back from Barclaycard.

A representative of Mr X also wrote to Barclaycard in September 2023, again he says they received no response.

In August 2024, Barclaycard reduced Mr X's credit limit and in November 2024, defaulted the account, on the basis contractual payments hadn't been made.

Mr X consequently complained. He said he'd written to Barclaycard on numerous occasions to update it on his change in circumstances, but he'd never received a response. He asked that Barclaycard reinstate his account, remove the default and freeze any interest until his release.

Barclaycard doesn't agree it's done anything wrong. It says it acknowledged Mr X's letters but had to respond to the address it held. Barclaycard said it provided breathing space to support Mr X, however it didn't receive payments towards Mr X's outstanding balance, so doesn't agree it made an error in defaulting the account.

Unhappy with Barclaycard's response, Mr X referred his concerns to our service. One of our Investigators looked into what happened and didn't think Barclaycard had done anything wrong. She thought Barclaycard had acted sympathetically when it had been informed of Mr X's change in circumstances. Our Investigator said Barclaycard had acted within the terms and conditions of the account in reducing Mr X's credit limit and then defaulting the agreement, so didn't think it had been unfair in taking these steps.

Mr X disagreed with our Investigators opinion, saying he hadn't received letters from Barclaycard. As the matter remained unresolved, the complaint has been passed to me to decide.

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 appreciate this has been a challenging time for Mr X and understand it has been difficult to correspond with Barclaycard. So, in this decision, I've considered whether Barclaycard acted fairly in the circumstances.

Correspondence address

I've started reviewing Mr X's concerns that he didn't receive correspondence from Barclaycard, as I think this will in part explain why Barclaycard then took the actions it did.

Mr X first wrote to Barclaycard on 22 August 2023, to make it aware of his change in circumstances and ask that the account be placed on hold. Barclaycard responded to the registered address it held for Mr X, to acknowledge his change in circumstances, set out that it would continue to write to the address it held; unless instructed otherwise; that the account would continue to incur interest and charges; and Mr X would need to maintain his contractual payments or the account could be defaulted.

I appreciate Mr X may not have received this letter, or some further correspondence, but I don't think Barclaycard was at error for writing to Mr X at the address it held. At this stage Barclaycard hadn't received an instruction to amend Mr X's address or that he wouldn't have access to post at this address, such as a family member or friend passing this on for the period of his incarceration. And I wouldn't expect Barclaycard to assume the best address for a customer, rather should only change an address when it receives clear instructions to do so, which it received and actioned for Mr X in January 2024.

So, while I've taken on board Mr X's concerns about receiving correspondence, I think it was reasonable for Barclaycard to write to the address it held, until it received a request to amend this.

Credit limit reduction

On 15 August 2023, Barclaycard reviewed Mr X's account and took the decision to reduce his available credit and wrote to him on the same day to inform him of this. I note this was before Mr X informed Barclaycard of his change in circumstances later that month.

The terms of the credit card account, set out that Barclaycard can review a customer's account and may reduce their credit limit following review. Barclaycard reduced Mr X's limit from £1,400 to £650, which was above the amount he owed on the card.

So, I haven't found Barclaycard acted unfairly in reducing Mr X's available limit in August 2023, as this was a decision it was entitled to make and I haven't seen anything to say the reduction caused Mr X financial difficulty, such as reducing the available balance below the amount that was outstanding on the card.

Defaulting the credit card

I've then gone on to consider whether Barclaycard acted reasonably in terminating and defaulting Mr X's credit card in November 2023. Again, Barclaycard said it took this step in line with the terms of the account, having not received payment from Mr X for six months.

I note Mr X had previously asked Barclaycard to freeze the account until his release date. However, Barclaycard had confirmed that it would apply interest and fees in line with the terms of the account and the contractual payments would still need to be made to maintain the account and Mr X hadn't received anything to indicate that his account would be placed on hold or that interest wouldn't be charged.

Barclaycard applied a breathing space to Mr X's account in September 2023 for a month, having been told he'd asked a debt management company "DMC" for support. In the circumstances, I think this was the appropriate thing to do to try and support Mr X, as it meant no further interest was applied during this period, however I can't see the DMC agreed or set up a payment arrangement on behalf of Mr X.

As Barclaycard hadn't received payment for a number of months, or been able to set up a repayment plan it wrote to Mr X in October 2023, to explain he needed to make a payment, or the account would be defaulted in November. Having not received a payment, Barclaycard then defaulted the agreement the next month. In reviewing what happened, I'm satisfied took this step in line with the terms of Mr X's account and sent out the notifications it was required to.

Following this, Barclaycard reported the default to the credit reference agencies. As this is in line with the terms and conditions of the agreement and the information reported to the credit reference agencies is an accurate reflection of Mr X's account, I think Barclaycard was reasonable in the steps it took.

As a result, while I realise Mr X finding out his account had been defaulted would have been a disappointment, I haven't found that Barclaycard made an error in doing this. So, I won't be asking it to remove the default or reinstate the account.

Conclusion

In conclusion, while I appreciate this answer may come as a disappointment to Mr X, I think Barclaycard acted reasonably in how it administered his credit card account. Barclaycard reduced his credit limit in line with the terms of the account, and having not received payments, Barclaycard defaulted the account, again in line with the terms and conditions. While I note Mr X may not have received all the correspondence Barclaycard sent, I'm satisfied it wrote to Mr X at the address it held, so haven't found Barclaycard made an error on this point.

My final decision

For the reason I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr X to accept or reject my decision before 15 August 2025.

Christopher Convery
Ombudsman