

The complaint

Mr C is unhappy with the service he received from Barclays Bank UK PLC surrounding a default that was applied to his account.

What happened

Mr C had a credit account with Barclays. In 2023, Mr C fell into financial difficulties which had a negative impact on his health. Because of this, Barclays applied several 'breathing space' holds to Mr C's account. One of these holds expired at the end of April 2024, and one of Mr C's representative spoke with Barclays at that time to request a further hold. However, Barclays placed Mr C's account into the wrong status so that a new hold was not applied, and this ultimately led to Barclays defaulting Mr C's account several months later.

In August 2024, Barclays received a request from one of Mr C's representatives, a Community Mental Health Nurse, to write off the balance of Mr C's account. Barclays didn't act in accordance with the request. And in September 2024, Mr C raised a complaint with Barclays about how they had defaulted his account.

Barclays acknowledged Mr C's complaint and confirmed that they would response to it. Mr C then received a letter from Barclays dated 14 November 2024 which said that Mr C wouldn't need to make any further payments to the account and that it would be recorded as 'partially settled' with the credit reference agencies.

Mr C then received a further letter from Barclay's the following day, dated 15 November 2024, which comprised Barclays formal response to his complaint and wherein Barclays acknowledged that they shouldn't have defaulted the account in the manner that they had and explained that they would write off the full remaining balance of Mr C's account and update his credit file accordingly.

Mr C wasn't happy that Barclays were reporting his account balance as being 'partially settled' to his credit file, which Barclays had explained may impact his ability to obtain future credit. So, he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Barclays had acted unfairly in how they'd resolved Mr C's complaint. Mr C remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

In their response to Mr C's complaint, Barclays acknowledged that a further vulnerability hold should have been applied to Mr C's account which would have prevented the account from being defaulted. Barclays apologised to Mr C for what had happened and agreed to write off the remaining balance of Mr Cs credit account, which at that time stood at £2,913.52.

Barclays response to Mr C's complaint seems fair and reasonable to me, and I feel that it provides Mr C with a significant benefit – the fact that Barclays have agreed to write off nearly £3,000 of debt that Mr C owed to them.

When this service assesses complaint, we consider whether any corrective action needs to be taken, but also whether it would be fair to instruct a business to pay compensation to a complainant for any trouble or upset that they've received. In this instance, I feel that by making the mistakes that they did, which led to the defaulting of Mr C's account, that Barclays did cause Mr C some upset and inconvenience that he shouldn't reasonably have had to incur.

However, I don't feel that it would be fair to instruct Barclays to pay any form of compensation to Mr C because of what happened here. And this is because I feel that by agreeing to write off Mr C's outstanding account debt, that Barclays have already provided a beneficial outcome to Mr C that goes above and beyond what I would most likely have instructed Barclays to do, had they not already decided to write off Mr C's account balance.

Mr C is unhappy that while Barclays have removed the default from his credit file, that they're now reporting the written off balance to his credit file as 'partially paid', which Barclays explained may have an impact on his credit file. But Barclays have an obligation to make factual reports to the credit reference agencies. And the fact of the matter is that Mr C did only partially pay his outstanding account balance to Barclays, with the remaining part being written off. As such, I don't feel that Barclays are acting unfairly by making this accurate report to his credit file.

Mr C has said that he didn't ask for Barclays to write off his account balance and that he would like Barclays to return his account to this position that it should be in. But Barclays received a request to write off Mr C's account from one of his representatives. And so I don't feel that Barclays acted unfairly towards Mr C by acting in accordance with that request.

If Mr C would like matters being put back to how they should be, had Barclays not made the mistakes that they had, then this would mean that Mr C's debt to Barclays would need to be reinstated. It would also mean that the payment holds that Mr C would have continued to receive from Barclays would be reported to his credit file, which would most likely have an impact on his credit file and a potentially adverse effect on his ability to obtain future credit.

It also must be noted that if Mr C didn't want his balance to be written off, Barclays wouldn't be expected to place holds on his account indefinitely, and at some point, Barclays would almost certainly be expected to default his account. This is as per industry guidelines, which consider the defaulting of an account when a customer is unable to meet their contractual repayment obligations as being a protective act towards that customer, because it prevents them from incurring spiralling fees and charges and falling further and further into debt.

As such, while I appreciate that Mr C would like to avoid potentially adverse information being recorded on his credit file, I don't think that his expectation in this regard was reasonable or realistic, given the circumstance here. This is because, ultimately, Mr C couldn't meet his contractual payment obligations on his Barclays credit account. And while Mr C's personal circumstances explain why this was the case, they don't reduce or diminish his contractual repayment responsibilities or mean that Barclays shouldn't make accurate reports to his credit file.

Finally, if it is the case that Mr C was wanting Barclays to write off the balance of his account but not accurately report that write off to the credit reference agencies, then I confirm that this isn't something that I would ever consider instructing Barclays to do.

I realise that this won't be the outcome that Mr C was wanting, but it follows that I won't be upholding this complaint or instructing Barclays to take any further or alternative action here. This is because I feel that the outcome as it presently stands is fair and that it appears to represent the most beneficial outcome for Mr C that he could reasonably and realistically obtain. I hope that Mr C understands, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 16 April 2025.

Paul Cooper
Ombudsman