

## **The complaint**

Mr T complains that Barclays Bank UK plc ('Barclays') reported incorrect information to the Credit Reference Agencies ('CRAs') about the status of a default.

Mr T wants compensation for the distress and inconvenience this caused him.

## **What happened**

Mr T's current account with Barclays defaulted in 2019 and was passed to a third party to collect a small balance. Mr T paid the amount outstanding in March 2022.

In October 2024 Mr T complained that Barclays were reporting an outstanding balance for the account to the CRAs and this would affect a mortgage application. Barclays upheld Mr T's complaint and marked the debt as settled. Barclays also paid Mr T £500 in compensation for what had happened.

Mr T thought this wasn't enough and asked the Financial Ombudsman Service to investigate. Our investigator considered Barclays had fairly resolved Mr T's complaint and didn't propose that Barclays do anything further.

Mr T said £500 compensation was low, considering the Financial Ombudsman Service's guidelines. Mr T said he'd face higher interest rates for his new mortgage, because of Barclays' actions.

## **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've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

I don't need to make a detailed finding on every aspect of what happened, as there is already an acceptance that the service Mr T received fell below the standards expected. I've more needed to consider whether Barclays' actions, and stance taken, are fair and reasonable in the circumstances of Mr T's complaint.

I am sorry to disappoint Mr T but I agree with the conclusion of our investigator, for broadly the same reasons. I think Barclays have already offered a fair resolution to Mr T's complaint in these circumstances and I won't ask Barclays to do more. I'll explain why.

It's clear Barclays continued reporting a small outstanding balance for Mr T's defaulted account when this should have been marked as settled. I've considered the impact of this on Mr T.

Mr T appears to have been unaware of the misreporting until October 2024, which suggests he was not adversely impacted by the default not being marked as settled until the time Mr T looked into applying for a mortgage.

Mr T hadn't yet obtained a mortgage in mid-January 2025, when Mr T referred this complaint to the Financial Ombudsman Service. Barclays wrote to Mr T on 4 February 2025 to advise his credit file had been updated – so if Mr T applied for a mortgage after this update, a potential lender would have based their decision on Mr T's corrected credit file. The default is due to drop off Mr T's credit file in July 2025.

I accept a potential lender would likely consider a default with an outstanding balance to be more detrimental than a settled default. However I've not seen evidence to show that Mr T applied for a mortgage and received a higher interest rate due to Barclays' misreporting.

I can't fairly conclude Barclays should pay compensation to Mr T for financial loss in these circumstances, but I think it's fair that Barclays paid compensation to Mr T to recognise they'd caused him distress and inconvenience.

It's clear there were some long calls before Barclays made an amendment to Mr T's credit file. I accept Mr T was upset to discover the misreporting in October 2024 and this would have made applying for a mortgage more stressful.

Mr T is right that the Financial Ombudsman Service has guidelines for distress and inconvenience and I've consulted these. Taking into account these guidelines and the factors I've considered above, I'm satisfied that Barclays' payment of £500 was fair and reasonable in these circumstances. So, this means I won't ask Barclays to take further action on this occasion.

### **My final decision**

For the reasons I've outlined, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 22 July 2025.

Clare Burgess-Cade  
**Ombudsman**