

## **The complaint**

Mr F complains Barclays Bank UK PLC trading as Barclaycard ("Barclays") closed his account and defaulted him after he reached out to a debt management charity for support.

## **What happened**

Mr F had a credit card with Barclays which had a credit limit of £2,300. Mr F was made redundant after a restructure at his place of work.

In August 2024, Mr F reached out to Barclays regarding this. He explained he was in financial difficulty, and was considering his options. Barclays agreed a 30 day hold on the account – stopping interest and charges during this period.

In early September 2024, a debt management charity reached out to Barclays. They'd explained that they'd been supporting Mr F, and he was entering into a debt management plan.

Following the contact from the debt management charity, Barclays wrote to Mr F acknowledging what was going to happen, and terminating his account. They advised he had until 8 November 2024 to resume normal payments, or a default would be recorded.

Mr F called Barclays to discuss this letter on 18 September 2024. They advised during the call that they'd been instructed by the debt management charity he could no longer afford the contractual payments, and as he's not switching to a plan with Barclays directly, he'd need to reach out to the debt management charity if he had any queries.

On 2 October 2024 Mr F contacted Barclays again. This time he advised he was no longer willing to proceed with the debt management charity, and wanted to continue making payments to Barclays directly. Barclays advised Mr F to get the debt management charity to confirm their withdrawal directly.

A default was recorded on 8 November 2024 and the debt was transferred on 13 December 2024. Mr F subsequently raised a complaint about this.

He said he wanted to use the debt charity to support with his larger debts, but was told he needed to include everything. He said he doesn't understand how he's in breach of the agreement when he's been making full payments. He feels Barclays has destroyed his credit file and he's been a loyal customer for years. He wants the default removed and his credit file cleaned up.

Barclays responded in early January 2025 rejecting the complaint. They said they followed their processes, and the default has been applied correctly.

Mr F was unhappy with the response, so the complaint was referred to our service. An Investigator here looked into things. They agreed with Barclays that no error had been made. They said Mr F was advised over the phone by Barclays that if he wanted to continue to deal with them directly, he'd need to tell the debt management charity, but as Barclays didn't hear anything else, they were fair when recording the default.

Mr F responded – he feels it's unfair as he didn't miss a payment, he was just asking for help while redundant and he didn't default as that would mean missing a payment which he never did.

Because an agreement couldn't be reached, 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.

Having done so, I've reached the same outcome as the Investigator, broadly for the same reasons. I appreciate this will come as a disappointment to Mr F, but I hope to explain my reasoning in more detail below.

I'd like to start by acknowledging how frustrating this period of time must have been for Mr F – losing employment in any circumstances is challenging enough, without the added pressures of trying to maintain debts.

When the debt management charity reached out to Barclays, they offered a monthly payment of £21.82. In the months prior to this offer, Mr F's minimum payment for the credit card was around £100 per month. So the offer being made was a token payment in comparison to the amount actually due.

When entering into the plan with the debt management charity, they likely would've provided Mr F with a lot of information about the potential risks of using a plan. I can see it's advised all debts are included in order to treat debtors fairly, and paying debts outside of the plan can pose a risk that some debtors will reject the offer as they'd feel one debtor is favoured over another. So, it makes sense that Mr F was asked to include all of his debts.

Mr F was in a situation where, by his own admission, he was unable to afford some of the larger debts he had at the time. And so, he needed this plan with the debt management charity to be able to manage those. And it's clear from the debt management charity's information published online that all debts should be included in order to guarantee creditors agree to the proposed plan.

So while I accept that there were periods prior to the default where Mr F was making full payments to Barclays, the plan was inevitable and by September, these full payments stopped and Mr F was in arrears. To clarify, an account being in arrears doesn't just mean missing a payment, but when payments made are less than the contractual amount, the account also goes into arrears.

I do think, in line with the Information Commissioner's Office (ICO) guidance on defaulting accounts, Barclays could've waited another month before defaulting and passing on Mr F's debt. However, because I'm satisfied the debt management plan was always going to take place and the debt with Barclays needed to be included in it, I need to consider what the impact has been on Mr F.

The debt management charity advises that as the amounts being paid to the lender are less than the contractual amounts, there's a possibility the lender may default. So I'm satisfied Mr F would've been aware this was a possible outcome. And if I think Barclays defaulted the account too soon, the solution would be to wait a month, so Mr F was three months in arrears at the time of default. But this would put Mr F in a worse position.

This is because, as Mr F has commented, defaults remain on a credit file for six years. And so currently, Mr F's default, which I'm saying would've always happened due to the debt management plan he required for financial support, will be removed from his credit file sooner than if Barclays had waited for him to be a full three to six months in arrears on the account.

I appreciate this will be deeply disappointing for Mr F, and I do understand why. However, I can't reasonably say Barclays have treated him unfairly overall in these circumstances.

### **My final decision**

It's my final decision that Barclays Bank UK PLC trading as Barclaycard didn't treat Mr F unfairly when closing his account and recording a default.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 31 July 2025.

Meg Raymond  
**Ombudsman**