

The complaint

Mr S complains that Barclays Bank UK PLC trading as Barclaycard cancelled his credit card, registered a default on his credit file and transferred his account to a debt collection agency.

What happened

Mr S held a credit card account with Barclays.

In or around March 2024 Mr S experienced a change in circumstances and the account fell into arrears.

Mr S contacted Barclays in May 2024 and explained his circumstances.

In June 2024 Barclays had further discussions with Mr S about his circumstances and applied a 30 day hold (breathing space) on the account.

On 14 July 2024 Barclays sent a Default Notice to Mr S reminding him of his obligation to make at least the minimum payment each month and requiring a payment of £2506.81 by 14 August 2024.

Mr S contacted Barclays and explained that his circumstances hadn't changed. On 30 July 2024 Barclays sent Mr S a letter and asked him to complete an income and expenditure form in order that it could agree a payment plan with him.

Barclays didn't receive the income and expenditure form. On 29 August 2024 Barclays sent a letter to Mr S advising him that a default had been registered on his account. Barclays explained that the default had been registered with the credit reference agencies and that it would stay on his credit file for 6 years. Barclays explained that Mr S was required to pay his outstanding balance in full. It said it may be able to offer a payment plan and asked Mr S to make contact.

Barclays subsequently sold the account to a debt collection agency and informed Mr S.

Mr S raised a complaint with Barclays. He didn't think that Barclays had considered his circumstances and vulnerability and said that passing the account to a debt collection agency had caused him additional distress.

Barclays didn't uphold the complaint. It said it had handled Mr S's account in an appropriate way and had applied breathing space and allowed him more time due to the health implications he had made them aware of. Barclays said it had explained the available options to Mr S when it had spoken to him on the phone. Barclays said it was unable to reopen the account or remove the default.

Mr S remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said the account had been correctly defaulted because Mr S hadn't cleared the arrears or completed an income and expenditure form.

Mr S didn't agree. He said Barclays hadn't treated him fairly as a vulnerable customer and hadn't taken account of the fact that prior to the change in his circumstances he'd had a perfect payment history since 2011.

Because Mr S didn't agree I've been asked to review the complaint.

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 know it will disappoint Mr S, but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on those points which are most relevant to my decision. If I don't comment on a specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've reviewed the history of the account. I can see that Mr S fell into arrears on the account in March 2024 and this continued through April and May.

It's not in dispute that Mr S contacted Barclays in May 2024 and explained that he had been experiencing financial difficulties and a mental health crisis.

Where a customer is experiencing difficulties of this nature, I'd expect a lender to respond positively and sympathetically. So I've looked at how Barclays responded to Mr S to determine whether they treated him fairly.

I can see that when Mr S made Barclays aware of his circumstances, they passed him to their Specialist Support Team. I can also see that Barclays agreed breathing space in June, which included freezing interest and charges to allow Mr S time to sort out his finances. A further breathing space was agreed in July 2024. In July Barclays asked Mr S to complete an income and expenditure form so that it could arrange a suitable and affordable payment plan to clear the arrears.

Barclays sent several letters to Mr S throughout this period. They were also in contact with him by phone. However, Mr S didn't complete the income and expenditure form or put forward any proposals for payment of the arrears. In the circumstances, I don't think it was unreasonable for Barclays to issue the Notice of Default.

Based on what I've seen, I don't think Barclays failed to take account of Mr S's circumstances. I'm satisfied that Barclays responded appropriately by applying breathing space and giving Mr S extra time to try and sort out his finances.

Mr S has said that Barclays failed to provide him with appropriate support to help him complete the income and expenditure form. I've thought about this, and I've reviewed the available system notes and call recordings, but I can't find anything to suggest that Mr S made Barclays aware that he was having difficulty completing the forms or that he needed more time to seek help to complete the forms.

The relevant ICO guidelines say that lenders can default an account where there are at least three months of arrears. Lenders are expected to default an account where the arrears have reached six months to prevent the customer accruing further debt and ending up in a worse financial position. In this case, I can see that the arrears on Mr S's account met the relevant criteria. So, I'm unable to say that Barclays made an error when it defaulted the account.

I appreciate that Mr S feels that it was unfair of Barclays to default his account given his previous good management of the account. However, as I've explained above, I don't think Barclays has made an error. The account has been defaulted in accordance with the terms and conditions of the agreement and in line with the relevant ICO guidelines.

Taking everything into account, I'm unable to find any evidence that Barclays has made an error or treated Mr S unfairly. I won't be asking Barclays to amend the credit file. Barclays – like all lenders – is obliged to report accurate information to the credit reference agencies. In this case, Barclays has correctly reported that the account has defaulted.

My final decision

My final decision is that I don't uphold the account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 June 2025.

Emma Davy
Ombudsman