

The complaint

Mr S complains that Barclays Bank UK PLC trading as Barclaycard defaulted his account, causing him significant detriment.

What happened

Mr S held a credit card account with Barclaycard. By 2021, the account had fallen into arrears. Barclaycard wrote to Mr S in January 2021 asking him to get in touch as a matter of urgency. It confirmed the amount of the arrears and said that it would send Mr S a Default Notice if he didn't pay off the arrears or make contact.

Mr S contacted Barclaycard and it asked him to complete an income and expenditure form. After Mr S had done so, Barclaycard said it wanted to set up a reduced repayment plan. But it said that Mr S would need to make two qualifying payments first, so that it could be sure the plan would be manageable. Mr S made the qualifying payments and Barclaycard set up the plan. It wrote to him in April 2021 to tell him that the plan was up and running.

Barclaycard confirmed the amount Mr S would need to pay each month under the plan. It said that, if Mr S paid late or missed a payment, his plan might be cancelled and it might not be able to offer him another one. It said it would also report any missed payments or arrears to the credit reference agencies.

Mr S missed a payment under the plan and Barclaycard wrote to him in June 2021. It said that he could still catch up with the missed payment. It asked him to either make the payment straight away or, if he couldn't do so, call Barclaycard. It said that, if Mr S didn't get in touch or make a payment, it would eventually send him a Default Notice. Barclaycard wrote to Mr S again in July 2021 asking him to call to get his repayment plan back on track. Mr S says that he didn't receive the June or July letters.

Mr S continued to miss payments and, in September 2021, Barclaycard sent him a Default Notice. It gave him 28 days to pay the arrears and it set out what would happen if he didn't do so. No payments were made. In October 2021, Barclaycard defaulted Mr S's account and registered this with the credit reference agencies. It wrote to him to tell him it had done this.

In October 2024, Mr S brought a complaint to this service. He said there was a direct debit in place to make the monthly payments to Barclaycard and this had been set up during a phone call with Barclaycard in 2021. So, he said that Barclaycard shouldn't have defaulted his account. He said the payments are made from an account he holds with another bank (which I'll call M). He said that the default has affected him very severely, causing his family to cut ties with him. He said he can't get credit or go on holiday and was homeless for a time.

Barclaycard said there was no direct debit in place. It said it had spoken to Mr S at the time it sent him the Default Notice and he had confirmed that he would pay online going forward. Barclaycard said that Mr S hadn't made any payments after this. So, it didn't think it had done anything wrong by defaulting the account.

Mr S wasn't happy with Barclaycard's response and asked this service to look at the complaint. Our Investigator didn't think Barclaycard had acted unfairly. But Mr S didn't agree. He said that he had set up the payments for the plan during a call with Barclaycard. He said he thought everything was in order, but found out several months later that the payments were bouncing back to his account with M. He said this is because Barclaycard doesn't accept payments from a particular type of bank card. He said that the direct debit is still in place and the money is still going out of his account each month and then bouncing back. He asked for the complaint to be reviewed by an Ombudsman.

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.

It's not disputed that Mr S's account was in arrears in 2021. I'm satisfied that Barclaycard wrote to Mr S numerous times during 2021 about the status of his account and the possible consequences of not bringing it up to date.

Mr S engaged with Barclaycard between February and April 2021 to put the repayment plan in place. So, I'm satisfied that he was receiving Barclaycard's letters, at least at that point in time. He says he didn't receive its letters of June or July 2021. But I find that Barclaycard sent these letters to the same address as the previous letters. So, I can't conclude that it was Barclaycard's fault if Mr S didn't receive them. The Default Notice was also sent to the same address. And I find that Barclaycard spoke to Mr S on the phone on the date it sent the Default Notice. So, I'm satisfied that Mr S was aware of the status of his account as well as the potential consequences of not making payments.

Mr S says he set up a direct debit during a phone call with Barclaycard. But Barclaycard says it has no details of any direct debit ever having been set up. Mr S says that the payments are always returned to his account with M. But Barclaycard says it has no details of any payments being returned. I haven't seen any evidence that there is or was a direct debit in place to pay Barclaycard.

And I haven't seen anything to suggest that Barclaycard was involved in the setting up of a direct debit. Barclaycard's notes of a call with Mr S in September 2021 (on the date of the Default Notice) confirm that Mr S thought there was a direct debit in place but there wasn't. The notes go on to say that Mr S *"is going to pay the bal off asap (within 6 mths) so will pay online himself from now on"*. So, if Mr S thought there was a direct debit in place, it was confirmed to him during this call that there was not. And he confirmed that he would make manual payments going forward as he intended to clear the arrears within six months. So I'm satisfied that no direct debit was set up during the call with Barclaycard.

I find that no payments were made to Barclaycard after this. In the circumstances, I think it was reasonable for Barclaycard to default the account in October 2021. I'm satisfied that it gave Mr S enough notice of the default. And I'd expect it to report accurate information to the credit reference agencies. So, I think Barclaycard acted fairly by reporting the default.

I haven't seen any details of the direct debit which Mr S says is set up on his account with M. Barclaycard says it sold Mr S's account to a third party (who I'll call P) in November 2021. I don't know if Mr S has tried to make payments to P by direct debit. But if he is having any issues with doing so, he should contact P directly. And if there is a problem with a direct debit going out of his account with M, he should contact M.

I realise Mr S feels strongly about his complaint and I'm sorry to disappoint him. But I'm looking at the actions of Barclaycard only. I don't think it acted unreasonably or unfairly here. So, I'm not going to ask it to do anything.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 July 2025.

Katy Kidd
Ombudsman