

## **The complaint**

Mr L complains that Clydesdale Financial Services Limited trading as Barclays Partner Finance (Barclays) unfairly continued to report a default with Credit Reference Agencies (CRAs), following the successful completion of an Individual Voluntary Arrangement (IVA).

## **What happened**

Mr L held a credit card account with Barclays. In 2020, following a period of financial difficulty, Barclays issued Mr L with a notice of default, requiring him to pay just over £200. Mr L was unable to pay the amount due by the required date, and in July 2020 his account defaulted.

In May 2020, Mr L entered into an IVA. Mr L complains that while - upon completion of the IVA in June 2024 - his other creditors no longer chose to report defaults to CRAs, Barclays have continued to report Mr L's account as in default, despite the IVA's completion. He's also unhappy with how Barclays recorded the completion of his IVA.

Barclays responded to Mr L's complaint. They said that following a period of missed payments, a default was correctly applied to Mr L's account in July 2020. They said there was no obligation on their part to remove the default marker following the IVA's completion. Rather, they maintained that they had a legal obligation to report factual information to credit reference agencies (CRAs), and that that any default would remain on a customer's credit file for six years.

In relation to the IVA's completion, Barclays said they received a notice from Mr L's IVA practitioner stating that Mr L had withdrawn from his IVA in June 2024, and it had therefore failed, so they marked their records as such. However, they said in early 2025, they received further correspondence stating there had been an error, and the IVA had actually completed successfully in June of 2024. So, in March 2025, Barclays updated their records and reported Mr L's default as partially satisfied from June 2024. They apologised for any inconvenience caused by the misreporting, and they paid Mr L £300 in compensation.

Mr L remained unhappy however and maintained that it wasn't fair for Barclays to continue to report the default following successful completion of the IVA. So, as the parties are still in disagreement, the case has been passed to me, an Ombudsman, 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, and while I accept this may be disappointing for Mr L, I've reached the same conclusions as the investigator, and for broadly the same reasons.

The guidance for businesses on the reporting of arrears, is set out in the Information Commissioner's Office's "*Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies*" report.

Section 4 is titled *"If you fall into arrears on your account, or you do not keep to the revised terms of an arrangement, a default may be recorded to show that the relationship has broken down"*. This section explains that accounts will normally default when a customer is between three and six months in arrears. And it goes on to explain that there are other times when a business may report a default against a customer's account, this includes when an account has been included in a bankruptcy, CCJ, or an Individual Voluntary Arrangement (IVA). So, given the arrears that had accrued on Mr L's account, and the fact he had entered into an IVA, I don't think Barclays were wrong in reporting a default to CRAs when they did.

Following the completion of the IVA in June 2024, Barclays recorded the default as partially settled and explained that the record will remain on Mr L's credit file for six years from the date it was registered. While I appreciate Mr L feels this is unfair, the ICO report mentioned, also covers guidance on this matter in section 5, titled - *"When an account is closed, the record should properly reflect the closing payment status of the account and any agreement between the parties"*. It goes on to explain that *"your record should be closed and marked as partially settled if: Your account is included in an insolvency such as a bankruptcy or IVA which is discharged / completed and less than the full amount is paid"*.

So, given Mr L completed his IVA, and given that Barclays went on to write off his outstanding balance, and mark his default as partially settled, I'm satisfied they have acted correctly, when taking into account the ICO's guidance on this matter.

So, while I appreciate this is not the outcome Mr L was hoping for, there is nothing within the ICO's guidance to suggest that a default marker should be removed from an individual's credit file, following the successful completion of an IVA. And instead, the guidance in place explains that the default should be marked as either settled or partially settled, which it has in Mr L's case. And, given that financial business's have an obligation to report factual information to CRAs, I don't think Barclays treated Mr L unfairly when they continued to report a default against his account following the successful completion of his IVA.

And, while there were errors in the initial information provided to Barclays by Mr L's IVA practitioner, which seem to have caused Mr L some distress, Barclays have already generously awarded Mr L £300 in compensation for any inconvenience this matter may have caused. Given these issues seem to stem from an error made by Mr L's IVA practitioner, rather than any failing on Barclays' part, I don't think it would therefore be right to award any further compensation in the circumstances.

So, for the reasons set out above, I won't be asking Barclays to do anything further.

### **My final decision**

My final decision is that I do not uphold Mr L's complaint.

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

Brad McIlquham  
**Ombudsman**