

The complaint

Mr M complains that Barclays Bank UK PLC trading as Barclaycard unfairly recorded a default against his credit card account.

What happened

Mr M held a credit card account with Barclaycard. In 2022, the account fell into arrears and no payments were made for several months. Mr M contacted Barclaycard and explained that he was experiencing a period of financial difficulty. In May 2022 Barclaycard agreed an arrangement under which Mr M would make reduced payments of around £42 per month until the outstanding balance was cleared, and agreed not to apply any interest or charges. The first few payments were made successfully, but in September 2022 Mr M told Barclaycard that his financial situation had worsened and he was no longer able to pay. Barclaycard agreed to put a hold on the account for 28 days so Mr M could seek debt advice and consider his options.

The following month, Mr M applied to the government's Debt Respite Scheme (DRS) through a debt advisor (S). Under the DRS, Mr M was given a 60-day period of breathing space, running from 22 October 2022 until 21 December 2022. During the breathing space period, lenders couldn't apply interest or charges, ask him for payment or attempt to enforce the debt.

In November 2022, S wrote to Mr M's creditors to negotiate a debt management plan (DMP). Under the proposed DMP, Mr M would pay Barclaycard £1 per month. Barclaycard wrote to Mr M on 24 November 2022 – during the breathing space period - to say the offer wasn't enough to avoid the account defaulting. It issued a default notice requiring Mr M to pay the arrears of £125.64 before 27 January 2023. And, as the arrears weren't then paid, a default was recorded.

Mr M discovered the default when applying for a mortgage in 2025 and made a complaint. He said Barclaycard shouldn't have sent a default notice during the breathing space period, and that doing so meant the default was applied unfairly and unlawfully. He said Barclaycard should have recorded that he was in a DMP instead of registering a default. He said the default had caused his mortgage application to fail, meaning he had to move to more expensive rental accommodation.

Barclaycard didn't agree it had done anything wrong. It said that by communicating a payment offer S had effectively brought the breathing space to an end, so it was entitled to write to Mr M at the time and send a default notice. It said his offer of £1 per month was considered a token payment and not sufficient for it to accept as a DMP. It said the default had been registered correctly, and had been backdated to July 2022 when Mr M's previous payment arrangement started.

The complaint was referred to this service. One of our Investigators considered the complaint but didn't uphold it. They agreed Mr M was still in breathing space when Barclaycard wrote to Mr M, but they didn't think Mr M had been disadvantaged by this. They said that if Barclaycard had waited until the end of the breathing space it would have simply

defaulted the account at that point – leaving Mr M in a potentially worse position. They didn't think Barclaycard had made an error by recording a default instead of a DMP – as Mr M had only been able to offer token payments and the proposed DMP wasn't accepted.

Mr M didn't accept the Investigator's conclusions. To briefly summarise, he said:

- S never told Barclaycard that his breathing space had come to an end early, so by writing to him it failed to provide the protection required by the DRS. Under the relevant legislation, any action taken during breathing space is null and void making the default unlawful.
- Barclaycard didn't engage with S or explain that the DMP offer wasn't acceptable. Had it done so, Barclaycard and S could have negotiated a solution to avoid the default. In its response to his complaint, Barclaycard implied that the DMP offer had been accepted.
- Barclaycard failed to apply forbearance or due consideration when made aware of his financial difficulties. It therefore acted in breach of Financial Conduct Authority (FCA) guidelines and the Information Commissioner's Office (ICO)'s principles. It also breached the requirements set out in the Consumer Credit Act 1974 (CCA).
- He was concerned that the Investigator had departed from the relevant law by allowing Barclaycard to apply a default.
- Under the relevant legislation, lenders cannot resume collections activity at the end of the breathing space if the borrower has entered a debt solution (in this case the DMP) – so it couldn't have applied a default even after the breathing space period.

He asked that the complaint be referred to an Ombudsman for a final decision. So, it's 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.

I'd like to assure both parties that I've read and considered all of the information they've provided in reaching my decision. I recognise that I've summarised Mr M's concerns in significantly less detail than he has. This isn't intended as a discourtesy, but simply reflects my informal role in deciding what a reasonable outcome is. If I've not reflected or specifically addressed something that's been said it's not because I didn't see it – but because I didn't deem it relevant to the crux of the complaint.

In considering the complaint I've also taken into account the relevant law, regulations, guidance and standards, codes of practice and (if appropriate) what I consider was good industry practice at the time. This includes (but isn't limited to) the Debt Respite Scheme rules as well as the CCA, FCA rules and ICO principles. But ultimately, I'm required to decide Mr M's complaint based on what I consider to be fair and reasonable. While I've considered the relevant law, it isn't my role to decide whether Barclaycard has acted unlawfully – only a court can do that.

I can appreciate it would have come as a disappointment to Mr M to discover a default had been recorded – especially as he was applying for a mortgage. Barclaycard – like all lenders – is required to report true and accurate information to credit reference agencies.

The ICO has provided guidance for firms in its document "Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies". This guidance sets out

that in normal circumstances a default may be recorded when an account is three months in arrears – and will normally be recorded by the time it's six months in arrears. But there are exceptions to this – for instance, if a DMP or other payment arrangement is negotiated and accepted by a lender. I've considered whether Barclaycard made an error – or otherwise treated Mr M unfairly – when it recorded the default.

Mr M says Barclaycard failed to show forbearance or due consideration when made aware of his financial difficulties. When a lender is aware that a customer is in financial difficulties – or otherwise unable to pay due to a change in circumstances - it ought to take positive steps to treat them fairly by providing appropriate support, forbearance and due consideration. This can involve considering a range of possible options – and lenders should pay due regard to the best interests of their customer when doing so. There aren't any specific steps a lender is required to take, as what is most appropriate will depend on the individual circumstances of the customer.

In this case, when Mr M made Barclaycard aware of his circumstances it suspended interest and charges to the account and agreed an affordable repayment arrangement based on a review of his income and expenditure. After Mr M told it his circumstances had worsened, it agreed to put the account on hold while he sought debt advice. Overall, I think these were reasonable steps for it to take, and I'm satisfied Barclaycard treated Mr M fairly up until the start of the breathing space.

I've gone on to consider whether Barclaycard ought to have sent a default notice to Mr M. Barclaycard says the breathing space came to an end when S wrote to it with its DMP offer. But I haven't seen anything to persuade me that's the case. While the agreement of a debt solution can bring a period of breathing space to an end, this would usually only be the case if a solution is put in place that applies to all of the customer's debts. It would also be for the debt adviser to determine that the breathing space had ended and notify lenders of this. I can't see that S contacted Barclaycard at any point to let it know the period of breathing space had ended early.

I've considered the DRS guidance. In summary, the guidance says that while in a period of breathing space, lenders shouldn't contact customers about their debts or ask for payment. There are some exceptions to this – Barclaycard would still be required to send any statutory notices under the CCA – but any correspondence shouldn't be construed as a request for payment.

Taking this into account, I'm inclined to agree with Mr M that Barclaycard probably shouldn't have issued a default notice directly to him, and that by doing so it effectively asked him to make a payment while he was in a period of breathing space. Given the circumstances, it might have been more appropriate for Barclaycard to correspond with S – rather than Mr M directly – if it didn't accept his DMP proposal.

But my consideration of the complaint doesn't end there. While it may be the case that Barclaycard shouldn't have sent a default notice, I've considered the impact doing so had on Mr M. Mr M says the default notice – and by extension the application of the default – is unlawful, as the DRS specifies that action taken during a period of breathing space is null and void. But as I've explained, it's not my role to determine whether Barclaycard acted unlawfully, or whether its actions are nullified under the relevant law.

By the time Mr M entered his initial payment arrangement, the account was already around five months in arrears. And while the payment arrangement was agreed and maintained for around three months, it was broken when Mr M stopped making payments. Barclaycard could have defaulted the account at that point – but I can understand why it didn't, as Mr M had given it new information about his circumstances and it had agreed to place his account

on hold while he sought debt advice.

After the breathing space had come to an end, Mr M was making payments of £1 per month (later increased to £5 per month), and Barclaycard didn't accept this offer as a new payment arrangement. I don't find this unfair, as the offer was significantly below the minimum payment due on the account. Given that the account was already in arrears of several months, Barclaycard could have issued a default notice at any point after the breathing space had come to an end. And as Mr M had only been able to offer token payments, I think it probably would have sent a default notice after the breathing space came to an end if it hadn't already done so earlier.

Even if Barclaycard ought not to have sent the default notice when it did, I don't think that delaying matters would have left Mr M in a significantly different situation. In fact, delaying the default would have disadvantaged Mr M, as it would have stayed on his credit file longer. Barclaycard has agreed to backdate the default to July 2022 – when he originally entered a payment arrangement. I find this fair, as it means the default will fall off Mr M's credit file sooner than it would have otherwise.

I've considered whether the default notice had any other impact to Mr M. I note that he didn't respond to the notice at the time or query it – and doesn't appear to have been aware of it at all until 2025 when he applied for a mortgage. So, while I understand Mr M's point that Barclaycard ought not to have sent the notice to him when it did, I don't think doing so had any significant impact on him or left him in a worse position.

Mr M also argues that Barclaycard should have recorded the account as in a DMP – rather than defaulted. He says this because S had put forward a DMP offer which he started making payments under – and Barclaycard didn't respond to or reject this offer. The ICO principles outline that – if a DMP proposal is accepted – the account should be recorded as under a DMP. But if the lender doesn't agree a payment offer it shouldn't be reported in this way.

While Barclaycard didn't respond to S, it wrote to Mr M directly to let him know it didn't accept the offer. If Mr M wanted to negotiate a different offer he could have done so at the time through S. As the proposed DMP wasn't accepted, I don't think Barclaycard made an error by not recording one on Mr M's credit file. By the same logic, I don't think the proposal of the DMP meant Barclaycard couldn't have resumed its normal collections activities at the end of the breathing space as Mr M suggests – as the DMP wasn't accepted and was therefore not in place at the time.

I appreciate this will come as a significant disappointment to Mr M. But for the reasons I've explained I don't find that Barclaycard treated him unfairly by registering a default. So, I don't require it to do anything further.

My final decision

My final decision is that I don't uphold Mr M's complaint about Barclays Bank UK PLC trading as Barclaycard.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 October 2025.

Stephen Billings
Ombudsman