

The complaint

Mr R complains about a career development loan with Barclays Bank UK PLC (Barclays) and is unhappy that a default has been registered with credit reference agencies. Mr R believes the default should not have been added and would like the default removed and compensation for the impact this has had on him.

What happened

Mr R took out a career development loan with Barclays and this was to help fund the costs of studying and professional development. Mr R borrowed £10,000 and the loan repayments were due to start when Mr R completed his studies.

Due to health and personal reasons, Mr R was unable to meet the contractual repayments when they became due on the loan and numerous discussions were had between Mr R and Barclays about his circumstances and the impact this had on his ability to repay the loan. Support was provided by Barclays, which amongst other things included a hold on the account and no interest being added at certain points. Because the account was in arrears and the repayments were not being made, Barclays applied a default to Mr R's account and credit file.

Mr R complained to our service about this and an ombudsman upheld the complaint and directed Barclays to remove the default and compensate Mr R for this. Mr R did not accept the ombudsman's decision. Barclays applied a second default to Mr R's account and credit file and Mr R complained again to Barclays about this as he believes it has acted unfairly by applying the second default.

Barclays did not uphold Mr R's complaint and it was then referred to our service, where it was considered by one of our investigators. They set out why they did not consider the complaint should be upheld and as the complaint could not be resolved informally, it has now been referred to me for consideration.

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.

Firstly, I'm very aware that I've summarised this complaint above in far less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Secondly, I am aware that Mr R has previously complained about Barclays adding an earlier default to his credit file and an ombudsman's decision was issued on that complaint. My consideration here is limited to only looking at the circumstances surrounding the application

of the second default and I am unable to consider anything that would have related to the application of the first default and what would have been considered in the previous complaint. Amongst other things, that means that I cannot consider the impact the first default had on Mr R or his ability to gain employment.

There is no dispute that Mr R has not made all of the contractual repayments on the loan and at the time Barclays issued the default notice to Mr R the loan account was considerably overdue. Mr R has referred to the reasons why he was unable to make the loan repayments when they first became due and Barclays did provide assistance to Mr R at that time. Mr R's broader circumstances relating to why he was unable to make the loan repayments would however have been considered as part of the previous complaint with our service, along with what led up to the first default being applied.

Before applying a default, a business is required to inform its customer of its intention to default the account and this also allows the consumer an opportunity to avoid the account defaulting, if their circumstances allow. Mr R has provided a copy of the September 2019 Notice of Default and I'm therefore satisfied Mr R did get the notice and would have been aware of what was necessary to avoid the account defaulting. The notice sets out an amount that was due by a specific date, but as the amount was not paid, the account defaulted and Barclays applied the default to Mr R's credit file.

I have carefully considered the timing of the default notice, the default and that this coincides with the previous complaint considered by our service about the first default. I accept it would have been helpful if Mr R's previous complaint was fully concluded before the second default notice was issued. But having considered the circumstances here, I'm not persuaded the situation would have been significantly different had Barclays waited a short time longer for the first complaint to be concluded.

I also again note that Mr R did not actually accept the previous ombudsman's decision within the required timescales and has continued his dispute with Barclays. I note that some further discussions have taken place between the parties to restart making repayments towards the account but I don't believe these have actually commenced and the account remains in default with the defaulted amount remaining overdue. Even if Barclays had waited until the previous ombudsman's decision had been issued, along with the response time expired, I consider it more likely than not that the position Mr R is now in would still be the same.

Having carefully considered the limited actions relating to the second default being issued and applied to Mr R's credit file, I'm not persuaded that Barclays acted unfairly or unreasonably in the circumstances here. The account was significantly in arrears or overdue and Mr R would have been aware of the impact of not meeting what was set out in the default notice. I do not therefore consider there are sufficient ground to instruct Barclays to remove the default from Mr R's credit file or compensate him for any impact this may have had.

Mr R has also complained about the default balance on the account being incorrect and believes this is too high. Barclays has said that while the account was on hold interest and charges were not applied. But where the account was not on hold then interest and charges would have been applied where necessary. There are periods where interest and charges have not been applied to the account, plus periods where they have been applied. I have not seen sufficient evidence here to indicate interest amounts have been unreasonably added, or therefore that the defaulted account balance is incorrect.

My final decision

I fully appreciate my decision here will come as further disappointment to Mr R but having very carefully considered the circumstances of his complaint, I do not consider there are sufficient grounds to uphold the complaint. Nor therefore are there sufficient grounds to instruct Barclays to remove the default from Mr R's credit file or compensate him for the losses he believes he has incurred.

My final decision is that I do not uphold Mr R's complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 14 October 2025.

Mark Hollands
Ombudsman