

The complaint

Mrs G complains that Barclays Bank UK PLC recorded a default against her personal loan and sold the loan to a third party.

What happened

I issued a provisional decision setting out what I thought about Mrs G's complaint. I've copied the relevant parts of that provisional decision below – and they form part of this final decision.

"Mrs G successfully applied for a personal loan with Barclays in March 2022. The loan was for £20,000 and was agreed to be repaid over a period of 60 months, with monthly payments of £447.17.

In April 2024, Mrs G was unable to make the monthly payment. She said she was self-employed, and that her recent income had been lower than expected. Barclays agreed to freeze the account for two months – during which time it wouldn't apply any interest or charges or chase her for payments.

This ended in July 2024, by which time the arrears on the account had accrued to £1,341.51. Mrs G got back in touch with Barclays to discuss her options. She said her income was still reduced, but that she hoped it would improve by September 2024. She said she expected to receive a gift soon, and hoped to be able to make two consecutive monthly payments of £700. The agent said this wouldn't be enough to clear the arrears, as another payment would soon be due – which would bring the total outstanding amount to £1,788.68.

Mrs G asked about the possibility of a payment arrangement. The agent went through her income and expenditure details, which showed that she had around £70 per month available for non-priority debts. This amount was already allocated to another loan Mrs G held with Barclays, so she wasn't able to contribute anything to this loan. The agent agreed to freeze the account again until 15 August 2024 – after which they said a default notice would be issued unless the arrears were cleared. The agent said that during this time, the account would continue to report to credit reference agencies, and Barclays would continue to send statutory notices.

The day before this was due to end Mrs G contacted Barclays again, and was told a default had already been registered. Around the same time, Barclays sold the loan to a third party. Mrs G complained, and said it wasn't fair to register a default when she'd been previously told she still had time to clear the arrears. Barclays acknowledged there had been some miscommunication, but overall didn't think it had acted unfairly – as Mrs G wasn't in a position to clear the arrears in time to avoid a default.

The complaint was referred to this service. One of our Investigators considered the complaint. There was some initial confusion around the status of the loan, as Barclays initially suggested it hadn't registered a default or sold the loan. After this was clarified, our Investigator upheld the complaint. They said Barclays should have answered Mrs G's queries more clearly and recommended that it pay her £150. They didn't think Barclays had

done anything wrong by selling the account or registering a default.

Mrs G accepted our Investigator's conclusions, though she didn't think the award fully compensated her for what had happened. Barclays initially responded to our Investigator saying it didn't think it had done anything wrong, and that it had taken appropriate steps to communicate with Mrs G and support her. It didn't respond further to our Investigator after that. Because Barclays didn't respond, the complaint has been passed to me to decide.

What I've provisionally 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 appreciate it would have come as a disappointment to Mrs G when she discovered a default had been recorded – as she was under the impression that this wouldn't happen until after August 2024. Barclays, like all lenders, is required to report true and accurate information about how its customers manage their accounts to credit reference agencies.

The Information Commissioner's Office (ICO) provides guidance to lenders about when a default should be recorded. 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. I've considered whether Barclays made an error – or otherwise treated Mrs G unfairly – when it recorded the default.

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, Mrs G made Barclays aware that she'd experienced a reduction to her income which meant she wouldn't be able to make payments towards all of her loans. Barclays went through Mrs G's income and expenditure details and established that she didn't have sufficient funds to make any payments towards this loan – so it agreed to freeze interest and not pursue the debt for two months to give her income an opportunity to recover. When Mrs G told Barclays in July 2024 that her circumstances hadn't improved, it agreed to extend the previous agreement for a further month. I think these were reasonable steps to take in the circumstances.

I've listened to the call that took place in July 2024. I think it's reasonably clear that there was some confusion on the call, and that the agent provided Mrs G with the wrong information about the account. The agent told Mrs G that there were three months' arrears – and that the arrears would reach four months if the payment due in August was missed, after which a default notice would be issued. But the agent didn't account for the fact that a payment was also due that day. So, the arrears actually reached four months the same day Mrs G called, and a default notice was issued shortly after.

I'm satisfied Mrs G was incorrectly told that a default notice wouldn't be issued until August 2024 – and that she had more time to bring her account up to date. I've considered the impact this had on Mrs G. Barclays has provided a copy of the default notice sent on 17 July 2024. This outlined that a default would be recorded – and the account may be sold – if Mrs G didn't pay the full arrears balance of £1,788.68 before 13 August 2024. This letter is correctly addressed to Mrs G, and I haven't seen anything to persuade me that it wasn't

issued.

So, even though Mrs G was given the wrong information over the phone, I'm satisfied she ought reasonably to have known a default would be registered on 13 August 2024 if she didn't pay the arrears. Mrs G says she didn't receive the default notice. While this may be the case, I can't fairly hold Barclays responsible for that as long as the letter was sent.

I don't doubt Mrs G when she says she wasn't aware of the default notice, and that she genuinely believed the account wasn't at risk of defaulting until after August 2024. But even taking this into account, I don't think that means it was unfair for Barclays to record a default. I say this because overall, I don't think it's likely that Mrs G would be in a significantly different situation even if she received the notice or if she was given the correct information over the phone.

The arrears had reached a significant level by August 2024. Based on the information Mrs G gave Barclays a month earlier her income hadn't improved, and she wasn't in a position to make any regular payments towards the balance. While Mrs G said she was expecting to receive a gift, she said she could use this to pay a total of £1,400 - which wouldn't have been enough to clear the arrears or avoid the default. I haven't seen anything from Mrs G to persuade me that she'd have been in a position to clear the arrears or agree a payment arrangement before 13 August 2024.

I appreciate this will come as a disappointment to Mrs G, but I don't conclude that Barclays made an error – or otherwise treated her unfairly – by registering a default. Barclays was also entitled to sell Mrs G's loan to a third party after the default was registered, and I don't find that it did so unfairly.

But I do think Mrs G was given the wrong information about her account over the phone. Her expectations were raised, as she was led to believe she had until August 2024 to bring her account up to date before a default notice would be issued. While I don't think this ultimately made a difference, it caused avoidable confusion, inconvenience and disappointment to Mrs G. Taking everything into account, I think £150 is a fair reflection of what happened here – so I intend to require Barclays to pay Mrs G that amount."

Neither Mrs G nor Barclays responded to my provisional decision.

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.

In the absence of any new evidence or arguments from either party, I see no reason to depart from the findings reached in my provisional decision. For the reasons I've explained, I don't think Barclays made an error or treated Mrs G unfairly by registering a default or selling the account. But I think it gave her the wrong information over the phone which raised her expectations, causing some confusion and disappointment. For the reasons I've explained, Barclays should pay Mrs G £150 to compensate her for what happened.

My final decision

My final decision is that I uphold this complaint. I require Barclays Bank UK PLC to pay Mrs G £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 24 September 2025.

Stephen Billings
Ombudsman