

The complaint

Mrs M has complained that Barclays Bank PLC (trading as Barclaycard) failed to raise a claim on her credit card payment protection insurance (PPI) policies when she became unable to work in 2018.

What happened

Mrs M held two credit card accounts with Barclays, ending 8005 and 9003.

In September 2018 she suffered injuries as a result of a serious incident and was unable to work. She rang Barclays from hospital to inform it of the situation, following which she believed that a claim raised on the PPI would cover her credit card payments.

However, no such claim had been instigated. Instead, the accounts defaulted in March 2019 and the debts were then sold on to a third party in January 2021.

In response to the complaint, Barclays maintained that it had managed the credit card accounts correctly. However, it accepted that it had mistakenly told the insurer that there was a zero balance on account 9003, for which it offered £75 for distress and inconvenience.

Our investigator's assessment was that Barclays actions were reasonable but that £75 was an insufficient amount for the impact of its mistake. He therefore recommended that Barclays should pay a total of £300 compensation.

I wrote a provisional decision recently in which I explained the circumstances of the case in more detail and my agreement that £300 was appropriate compensation.

Barclays responded to say that it agreed with my provisional decision. No response was received from Mrs M.

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.

Mrs M called Barclays from hospital on 10 September 2018. Based on the available evidence, the line dropped whilst the call was on hold and before Barclays had the chance to confirm with Mrs M whether or not she had PPI on the card accounts.

As I explained in my provisional decision, Barclays is the lender of the two credit card accounts. It is not the insurer and has no responsibility for contacting the insurer to set up a claim. Overall, I'm satisfied that Barclays didn't give Mrs M the impression it was dealing with the claim or that it had offered to contact the insurer on her behalf.

As a result of the phone call and Mrs M explaining her unfortunate situation, Barclays put the accounts on hold, meaning that she wasn't being charged interest or fees during that time.

Barclays then started to write to Mrs M from October 2018, firstly to say that it hadn't heard from her since putting the accounts on hold. In November 2018 it wrote to say that the accounts would have to be taken off hold if it didn't hear from her. In December it wrote to say that, as no payments had been received for three months, it needed to let her know that her credit rating might be negatively affected. In January 2019, it told her that the card accounts were being cancelled. In February 2019 it told her that the next step would be for it to send default notices. Then in March 2019 it sent the default notices. In April 2019 it informed her that the matter had been passed to its Recoveries team. It then sent further letters in June and July 2019. In total, it sent at least 17 letters to her between October 2018 and July 2019.

Whilst Mrs M says she didn't receive any of these letters, I stated in my provisional decision that I found it more likely than not that she would have received some, if not all of the correspondence. She would therefore have been alerted to the fact that payments were not being made to the account by the insurer. She could then have contacted the insurer herself to set up the claim.

Based on the available evidence, Mrs M had no further contact with Barclays prior to the debts being sold to a third party in November 2021. It was receiving communication from the third party that prompted her to re-contact Barclays. She rang it on 26 January 2022, where she received confirmation that the debts had been sold on. It was at that point that she was also told that she had PPI on the accounts and given the number for the insurer. The insurer has confirmed that the first contact it had from Mrs M was on 1 February 2022.

Therefore, although Mrs M holds Barclays responsible for not setting up the insurance claim and her credit rating being adversely affected, that is not the case. It was not Barclays' role to raise a claim on the PPI and all of its actions in relation to the account arrears took place before her first contact with the insurer in February 2022.

Mrs M didn't pursue the claim in 2022 and the insurer closed the case due to lack of contact. It was in June 2024 that she contacted the insurer again and then took steps to provide the necessary supporting information. The insurer was in a position to settle the claim on account 8005 on 27 November 2024.

Unfortunately, the settlement in relation to account 9003 was hindered by Barclays incorrectly informing the insurer that there was a zero balance at the time of the incident in 2018 when in fact there was an outstanding balance of £7,253.10. Once this error was corrected, the claim was settled on 10 January 2025. As I said in my provisional decision, without this error, I thought it more likely than not that the claim on account 9003 would also have been settled on 27 November 2024. So, there was an avoidable delay of just over six weeks.

I remain very sympathetic to Mrs M's situation and understand that she has been through a very difficult time. However, I haven't seen anything that would cause me to depart from the outcome I reached in my provisional decision. It follows that I do not hold Barclays responsible for failing to raise the insurance claim or defaulting the accounts. However, it did make a mistake when providing information to the insurer during the assessment of the claim in 2024, for which I consider £300 to be appropriate compensation.

My final decision

For the reasons set out above, my final decision is that I uphold the complaint and require Barclays Bank UK PLC (trading as Barclaycard) to pay £300 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 26 September 2025.

Carole Clark
Ombudsman