

The complaint

Mrs T is unhappy Barclays Bank UK PLC defaulted and closed her account, even though she was making payments to reduce her overdraft.

What happened

Mrs T entered into a repayment arrangement with Barclays starting in July 2024 to pay off her overdraft. Mrs T was required to make a payment of £40 a month before the 29th of each month until the overdraft had been repaid. Mrs T made payments on time until September 2024's payment which was paid a few days late. She made the repayments on time in October and November 2024. She says she then received a notification in December 2024 that her balance had been cleared.

Mrs T then received correspondence from a third-party debt collector in March 2025 explaining that she owed £170.98 and she says it was at this point she realised a default had been added to her credit file and her account with Barclays had been closed. Unhappy, Mrs T raised a complaint with Barclays.

Barclays didn't uphold Mrs T's complaint. They explained that her repayment plan had been broken when her September payment was received late and that they'd sent her various letters and notifications about this as well as attempting to contact her on the phone. As they didn't hear from her in response, the account had defaulted in January 2025, and the debt passed to a third-party debt collector. The notification she said she received in December was Barclays bringing the account to zero before they passed the debt on.

Mrs T was unhappy with their response explaining that she hadn't received the relevant communications and this was reflected in the fact she had continued to make payments in line with the plan. Mrs T brought the complaint to our service to be reviewed.

Our investigator looked into the complaint and accepted Barclays had attempted to contact Mrs T about the account. However, they considered that Mrs T had every intention of paying down the debt and this was demonstrated in her continuing to make monthly repayments. The investigator recommended that if Mrs T repaid the debt that Barclays should remove the default along with any adverse markers on her credit file. Mrs T accepted but Barclays did not.

I reviewed the complaint and shared my initial thoughts with Barclays that it seemed clear Mrs T had every intention of paying down the debt. I also commented it was likely if she had got in touch – Barclays would have agreed to another repayment plan anyway. However, Barclays disagreed, maintaining that Mrs T had failed to engage with any of their contact. They also commented it was very likely they would have agreed to a further repayment plan had they managed to liaise with Mrs T.

As Barclays have disagreed – I will now formally issue my findings in a final 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.

Having done so, I've reached the same outcome as our investigator. I'll explain my reasons why below.

I'd like to explain that my decision focuses on what I consider to be the key points of this complaint. If I haven't commented on something in particular, or in as much detail, it doesn't mean I haven't considered it and isn't meant as a courtesy to either party.

It is not in dispute that September's payment was late. The intended payment for September was received on 3 October 2024, and the responsibility for that delay lies with Mrs T.

And I recognise in line with Barclays' normal process that when the payment wasn't made by the due date (29 September), they deemed the plan to be broken and took their normal steps to send relevant communications to Mrs T asking for her to contact them. And when Barclays didn't hear from Mrs T directly, they took steps to default the account.

However, I also recognise Mrs T did go on to make the September payment (albeit a few days later) and then made the October and November payments on time, in line with the originally agreed plan. I also note she was making overpayments towards the debt each month. Payments for July and August were £45, and the payment intended for September as well as future payments she made in October and November were £50. I think this demonstrated a clear commitment to repaying the debt as quickly as she could. And so, I agree with our investigator it's clear Mrs T had every intention of repaying this debt. And this is what I don't consider Barclays have fairly recognised in this particular case.

Mrs T has complained there was poor communication throughout and that she had asked for digital communication as her preference. She's explained that she usually would receive an email notification if there was something significant for her to review in her online banking but there were no such emails.

In contrast, Barclays have said that Mrs T ignored their contact and didn't engage with them. They wrote to her, and letters were also added to her online banking – which would have shown as an alert that she had mail when she logged in. Barclays also attempted to call Mrs T but have noted in their final response that they had trouble reaching her on her mobile phone and Mrs T has also commented there were potential issues with her network provider.

Whilst I'm not disputing Barclays sent letters and attempted to contact Mrs T, I'm also persuaded Mrs T didn't see these communications. Otherwise – given her clear intention to repay the debt – I consider she would have got in touch with Barclays rather than just continuing to make repayments. Barclays have also agreed that if they had managed to speak with Mrs T, they would have likely agreed to continue the repayment plan. And there's no reason for me to think Mrs T would not have continued to make repayments if Barclays hadn't defaulted the account and sold on the debt. I say this because, as I've already explained, she made the October and November payment on time (with overpayments), and she has also now confirmed she can repay the debt in full.

I note Mrs T could have mitigated any impact here by repaying the debt sooner. However, in the complaint call with Barclays the bank said to let the third-party debt collector know that a complaint had been logged and that a hold would be put on the account until the complaint has been closed. And Mrs T has also said there was further confusion when the debt seems

to have passed between a couple of different third parties.

Mrs T has had the benefit of these funds and now needs to repay the money owed but as I've outlined above, I don't think the adverse impact to her credit file is fair.

With all of this in mind, it seems unfair given the specific circumstances of this case to report a default on an account that Mrs T was actively repaying. And I don't consider the impact of a defaulted account is a fair reflection or consequence on a balance of £170.98 that Mrs T was continuing to pay down.

So, I think the default should be removed provided Mrs T now repays the debt in full.

My final decision

My final decision is I uphold this complaint.

Provided that Mrs T repays the full outstanding balance of £170.98 within 28 days of accepting this final decision, I instruct Barclays Bank UK PLC to:

- Liaise with the third-party debt collector and call back the debt.
- Remove the default from Mrs T's credit file.
- Update her credit file to show that she was in a payment arrangement and accurately reflect the payments that were made and mark the account as settled from when Mrs T makes the final payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 19 December 2025.

Laura Davies
Ombudsman