

The complaint

Ms O complains Barclays Bank UK PLC unfairly defaulted her personal loan.

What happened

In December 2022, Ms O took a personal loan of £11,000 with Barclays to be repaid over five years.

By March 2025, Ms O's account had fallen more than three months into arrears, due to a change in her circumstances. Ms O was open with Barclays about her circumstances, and breathing spaces and holds were placed on her account in early 2025, with the last one coming to an end in April 2025.

In May 2025, Barclays called Ms O to discuss how she intended to repay the arrears on her account. Ms O explained she was now able to make her monthly payments but wasn't in a position to repay the arrears. There was discussion about extending the term of the loan or Ms O making overpayments to reduce the arrears balance. Barclays explained it would need to complete an income and expenditure before it could agree to any payment arrangement. Ms O said she wasn't in a position to do that at the time, so no agreement was made in this call.

On 29 May 2025, Barclays sent Ms O a notice of default, setting out that she needed to pay the arrears in full or make an arrangement before 25 June 2025 or it would default her account.

Barclays then defaulted Ms O's account at the end of June 2025, as the arrears remained outstanding and a payment arrangement hadn't been agreed.

Ms O complained, she said during the May 2025 call, the advisor had said she could ignore any calls or letters as she'd confirmed she intended to set up a payment arrangement. Ms O said she'd explained she wouldn't be in a position to do this until she had a better understanding of her financial position. Ms O says she wasn't made aware her account could be defaulted.

In response to Ms O's complaint, Barclays acknowledged the call from May 2025 could have been clearer but didn't think it had made an error in defaulting the account. It said it had issued a notice of default and tried to speak with Ms O twice in June 2025, without success. Barclays said it could have provided clearer advice in the May 2025 call but thought it had taken reasonable steps to try and help prevent Ms O's account being defaulted. To apologise for the worry caused, Barclays paid Ms O £100.

Unhappy with Barclays response, Ms O referred her concerns to the Financial Ombudsman. One of our Investigators looked into what happened and thought Barclays' response was reasonable, so didn't recommend it do anything further.

Ms O disagreed with our Investigators conclusions. She said she'd been told in the May 2025 call she could ignore letters and calls and had confirmed she intended to agree a

repayment plan with Barclays, so it was unfair for it to then default her account. Ms O said she'd also been travelling with work so hadn't received the letters until she'd returned home.

As the matter wasn't resolved, the complaint has 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've given consideration to the relevant rules and regulations applicable to this complaint and while I may not comment on everything (only what I consider is key) this is not meant as a discourtesy to either party, rather reflects the informal nature of our service.

I've started by reviewing whether Barclays was reasonable in its decision to default Ms O's account. By May 2025, Ms O's account was more than three months in arrears, and any forbearance measures had come to an end. In its letter of 28 April 2025, Barclays asked Ms O to get in touch as soon as possible to discuss the arrears on her account. So, I think Barclays clearly set out that action was required to discuss the next steps.

Barclays issued a notice of default on 29 May 2025, and I think this was a reasonable decision for it to make in line with its regulatory obligations, as the loan was more than three months in arrears. The notice set out that Ms O needed to repay the arrears or agree a repayment plan by 25 June 2025, to prevent the agreement being defaulted.

As the arrears weren't repaid and a payment arrangement hadn't been agreed, I don't then find Barclays was wrong to default Ms O's loan agreement based on the arrears on the account. Following this, as set out in the notice of default, Barclays passed the administration of her account to a debt collection agency, which is a decision it was entitled to make.

I've then considered Ms O's concerns that but for the advice she was given during the call in May 2025, a default could have been avoided.

I've listened to the May 2025 call and agree this could have been handled better by Barclays. I haven't however found that this call means Barclays wasn't entitled to default Ms O's account when it did.

It was clear the agent was calling about the arrears on the loan account and that Ms O needed to take steps to pay these off. However, at the end of the call, I think the agent could have been clearer about the importance of Ms O engaging with Barclays about this and what the consequences of not doing this would be.

At the end of the call, Ms O had agreed she would get in touch with Barclays to go through an income and expenditure with the view to setting up a payment arrangement. The agent explained that until this happened, Ms O would continue to receive letters and calls about her account. Ms O asked if she was ok to ignore this contact as she was intending to set up a payment arrangement. The agent said that Ms O could but repeated that she'd continue to receive correspondence while the arrears were outstanding.

I think the agent could have been clearer in the advice given and explained that due to the level of Ms O's arrears, she needed to take action to prevent further steps such as the account being defaulted.

I don't however find the outcome of this call prevented Barclays from taking further action. Between the call in May 2025 and Barclays defaulting the agreement was seven weeks. Following this, the first I'm aware of Ms O contacting Barclays was July 2025, nearly 10 weeks after the May call.

While I appreciate in the May 2025 call Ms O had said she would be in touch to discuss a payment arrangement. The agent didn't say Barclays would pause any recovery action while no arrangement was in place. Then having not heard anything further, after issuing the notice of default and attempts to discuss the matter more than once on the phone, I don't then find Barclays was unreasonable in proceeding to default the loan agreement.

I appreciate this will have come as a disappointment to Ms O and while I don't think Barclays is required to remove the default for the reasons I've given, I think it's appropriate it has acknowledged any upset caused. In the circumstances, I find Barclays offer of £100 reasonable.

I've also taken on board Ms O's comments that she was travelling with work during this period, so didn't receive the letters, such as the notice of default, when they were sent. I haven't however seen that Barclays was made aware of this, and I'm satisfied that it sent the letters to the correspondence address it had been provided by Ms O. So, I think Barclays did what was expected of it, in terms of notifying Ms O of what would happen if her account remained in arrears.

In conclusion, while I appreciate this answer will come as a disappointment to Ms O, I won't be asking Barclays to do anything further. While I acknowledge the call of May 2025, could have been clearer, I don't find this prevented Barclays from issuing the notice of default or then defaulting the account. Barclays has paid Ms O £100 to apologise for any upset caused, which I find reasonable in the circumstances.

My final decision

For the reasons I've set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms O to accept or reject my decision before 10 December 2025.

Christopher Convery
Ombudsman