

## **The complaint**

Mr W is unhappy that Barclays Bank UK PLC, trading as Barclaycard, defaulted his account and sold the defaulted account debt to a third party, and with the service he received surrounding this.

## **What happened**

Mr W had a Barclays credit card that he used very infrequently. In May 2023, Barclays responded to an earlier complaint raised by Mr W and explained that the direct debit instruction to make automatic payment to his credit card from his current account had been cancelled due to dormancy. Barclays also explained that Mr W wanted to make ongoing payments to his credit card via direct debit, he would need to set up a new direct debit instruction.

Following this, Mr W believed that he had set up a replacement direct debit, but hadn't, and in October 2024 he undertook spending on the card that left the account with an outstanding balance. Mr W didn't make a manual payment towards the account because he believed he had a direct debit in place. The result of this was that no contractually required monthly payments were made to the account, and this ultimately led Barclays to default the account, which they did in April 2025. Barclays then transferred the defaulted account debt to a third-party debt recovery agency ("DRA").

Mr W was then contacted by the DRA, who told Mr W that his account had been defaulted by Barclays. Mr W wasn't happy about this as he hadn't received any correspondence or notifications about the arrears that had accrued on his account before it had defaulted. Mr W was also unhappy that Barclays hadn't simply transferred money from his current account, which had sufficient funds, to clear the credit card account arrears rather than allowing the account to default. So, he raised a complaint.

Barclays responded to Mr W but didn't feel that they'd done anything wrong and said that they had sent arrears correspondence to Mr W before moving to default his account. Mr W wasn't satisfied with Barclays response, so he referred his complaint to this service where it was considered by one of our investigators. But our investigator didn't feel that Barclays had acted unfairly as Mr W contended and didn't uphold the complaint. Mr W remained dissatisfied, so the matter was escalated to an ombudsman for 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 won't be upholding this complaint or instructing Barclays to take any form of action. This is because I feel that it was Mr W's responsibility, as the account holder, to have monitored his account and to have been aware that a payment was required and hadn't been made.

Mr W has said that he believed that he had set up a direct debit and had no way to verify

from his credit account whether one had been set up or not. But Mr W could have checked his Barclays current account to see whether an active direct debit was in place. Such a check is relatively easy and can be accomplished on the Barclays mobile banking app, but logging into online banking, or by speaking with Barclays on the telephone or in person.

Mr W has also said that Barclays didn't send him any warnings or notifications that his credit account was in arrears. But Barclays have demonstrated that Mr W was enrolled to receive text notifications, and that they sent arrears notifications to Mr W via text.

Mr W has explained that the number he had registered with Barclays was incorrect and hadn't been updated, meaning that he didn't receive the notifications Barclays sent. If that's the case, then that is unfortunate. But it's Mr W's responsibility as the account holder to have maintained accurate contact details with Barclays, and so if Mr W didn't receive arrears notifications because he hadn't kept his phone number correctly updated with Barclays, then that isn't something I'd consider holder Barclays responsible for.

Information about the balance outstanding was also made available to Mr W via his monthly account statements. As the account holder, it was Mr W's responsibility to have monitored these statements, which as per his contact preferences were made available to him online with an email sent to him each month to confirm when a new statement was produced.

Barclays have shown that these statement notification emails were sent to Mr W, and it's notable that the email address Barclays sent those emails to is the same email address that Mr W had used to correspond with this service. Mr W has said that these emails were received but treated as spam by his email provider and diverted to a junk folder. Again, this is unfortunate, but it doesn't constitute any unfair act on the part of Barclays.

Finally, Barclays sent regulatory arrears correspondence which must be sent by post, such as the default notice that Barclays sent to Mr W in March 2025, to Mr W at the address that Mr W has provided to this service as being his. Mr W has suggested that he didn't receive those letters. But I'm satisfied that Barclays sent them, and I wouldn't hold Barclays accountable for the non-delivery of correctly address mail, given that such deliver is undertaken by a postal service over which Barclays have no direct control.

Ultimately, as the account holder, it was Mr W's responsibility to have been aware of the status of the account and to have made the necessary payment. This is regardless as to whether he saw the emails or letters that Barclays sent him or received the phone calls that Barclays made to him. And because Mr W didn't make a payment and didn't clear the arrears that accrued and developed on his account for several months and didn't respond to any of the contact attempts that Barclays made, I feel that it was fair for Barclays to default his account.

Mr W is unhappy that Barclays sold his defaulted account debt to the DRA. But it's common for credit providers to outsource defaulted debt recovery to a third-party, and their right to do so is included in the terms and conditions of the credit account. Mr W agreed to these terms and conditions when he opened the credit account, and as such I'm satisfied that Barclays acted fairly when they transferred Mr W's defaulted account to the DRA and that they didn't need any further consent from Mr W to do so.

Mr W also feels that Barclays should have transferred money from his current account without his consent rather than allowing his account to default, and Mr W points out that Barclays have a right to do this, as per their terms and conditions.

That a bank such as Barclays can transfer money from a current account to a credit account without the permission of an account holder is known as a right of set-off. But this right is

usually only applied once an account has been defaulted – to recover money that the account holder has demonstrated that they're unlikely to pay themselves. And it isn't generally applied while an account is still active.

This makes sense to me, for if a bank could simply take the payment required on an account, there would be no need for account holders to make payments or for direct debits to be set up. But it's generally accepted that banks should not do this. Indeed, if a bank did take money from one active account to pay another active account without an account holder's permission, and that account holder complained, I would very likely uphold that complaint on the basis that the bank exceeded their authority.

The key point here is that it is for an account holder to instruct a bank to make a payment from an account, and it isn't for a bank to decide when a payment from an account holder's account should be made. This is why direct debits exist, which are a formal instruction to a bank to make a recurring payment without the account holder having to give permission for the payment every month. And this means that I don't accept Mr W's argument that Barclays should have made the payment to his account without his permission. Instead, I'm satisfied that the onus was on Mr W to have made the payment to his credit account himself.

All of which means that I don't feel that Barclays have treated Mr W unfairly as he contends here. Instead, I feel that it was Mr W's responsibility to have monitored his account and to have understood that a payment needed to be made and hadn't been made. And I'm also satisfied that Barclays fulfilled their obligation to keep Mr W updated about the position of his account via the letters and notifications they sent to him and the account statements that they made available to him.

I realise this won't be the outcome Mr W was wanting, but it follows that I won't be upholding this complaint or instructing Barclays to take any form of action. I hope that Mr W will understand, given all that I've explained, why I've made the final decision I have.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 March 2026.

Paul Cooper  
**Ombudsman**