

The complaint

Mrs G complains about the actions of Barclays Bank UK PLC in relation to a loan she had with it.

What happened

The background of this case is vast and stems back many years. Because of this, I have kept the background brief and aligned to my understanding of what Mrs G's current complaint about her Barclayloan is.

Mrs G took out a Barclayloan many years ago. In or around 2016, she said she was told that the loan would be written off; and that an advisor at the bank at the time said it would remove the loan from her credit file. According to Mrs G, that advisor left Barclays without taking such action. She also says the loan wasn't removed from her internal profile with Barclays either. Both of these things she says have caused her a detriment, in that the loan not having been removed from her credit file prevented her from being able to take out a start-up loan. And the loan still being present on her internal Barclays profile prevented her from being able to get an overdraft with Barclays.

Mrs G previously complained to this service about the loan; in that she says she was told it had been written off, but Barclays had continued to attempt to collect the debt. In 2023, an Ombudsman considered Mrs G's case, and I have copied the relevant findings below:

- *Barclays internal records show it hasn't written off the debts in question, but have referred them to its recovery department. I'm satisfied Ms G does still owe the money Barclays is asking her to repay.*
- *Ms G feels strongly she was told the debts were written off. I don't dispute she feels they were and I have considered her detailed testimony regarding this. But, other than her testimony, I haven't seen anything to support this. I've listened to the telephone calls that she's provided, but this doesn't support that all her debts were written off. I understand she was given certain assurances regarding her mortgage debt. But I haven't seen anything to show Barclays have written off the debts in question or told her it had done so.*
- *Ms G has provided a text message showing one of the debts were paid off. I agree that this was misleading, but it was an automated message which was sent when the account was transferred over to Barclays' recovery department. The alleged payment was for over £17,000 and I'm satisfied Ms G would reasonably have known this payment wasn't made. So I think she should have been reasonably aware that this was sent in error and didn't mean the debt didn't exist any longer.*
- *Even if I was to accept that Barclays did tell her the debt was written off, which I don't, this would have been incorrect information. I need to think about what the situation would be had she not been told this. Ms G owes this money and would owe it whether Barclays told her it was written off or not. So, even if she was provided with misleading information, Barclays isn't bound by this and can require Ms G to repay the money.*

Ms G referred a similar complaint to this service again after complaining to Barclays again. As part of the information she received, she said she had seen information which showed that Barclays had agreed to write off her loan; and therefore, she felt that the decision the Ombudsman had reached wasn't right.

In May 2024, Barclays issued Mrs G with another final response letter. It upheld Mrs G's complaint and said:

- The Barclays loan was written off and had an outstanding balance of £5,345.03 at the time.
- The loan would still be visible on Mrs G's customer profile as an outstanding debit, although it said it wouldn't pursue her for the outstanding amount.
- It apologised for the conflicting information or incorrect information she had previously been provided with.
- In recognition of all of the upset, distress and inconvenience the whole matter had caused since 2020, it paid her £300.
- It paid her £125 for some other customer service issues she'd experienced.

An Investigator considered Mrs G's complaint, but they didn't uphold it. They explained they felt that the £425 in total was enough to put things right for Mrs G. They explained that they felt Mrs G had been provided with conflicting information to the status of her account and agreed that the letters she received about the loan shouldn't have been sent; as the letter suppression had been removed in error. But overall, the £425 Barclays had already paid Mrs G was enough here.

Mrs G agreed to accept the compensation award for the incorrect information and the letters that were sent to her in error. But she felt that the award didn't reflect the serious impact the loan had had on her credit file and internal records with Barclays.

Because an agreement couldn't be reached, the complaint was passed to me to decide on the matter.

I previously issued a provisional decision on this case; that's because it was my intention to come to a different outcome to the Investigator. Because of this, I wanted to give both parties the chance to respond with anything else they'd like me to consider before I reached my final decision on the matter.

I have copied my provisional findings below, which also form part of this final decision:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having considered all of the available evidence again, I intend to uphold Mrs G's complaint. I will explain how I have reached my outcome below.

Before I go on to explain how I have reached my outcome, I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my provisional decision. I say this as I'm aware I've summarised Mrs G's complaint in considerably less detail than she has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

The rules under which the Financial Ombudsman Service operate are set out by the regulator, the Financial Conduct Authority. These are known as the DISP rules. These rules set out the limits to what our service can and can't consider.

The DISP rules also allow this service to decide not to consider a complaint where it might not be appropriate to do so. DISP 3.3.4A set out the grounds for which an ombudsman can dismiss a complaint. These say:

“The Ombudsman may dismiss a complaint referred to the Financial Ombudsman Service on or after 9 July 2015 without considering its merits if the Ombudsman considers that:

.....

(5) dealing with such a type of complaint would otherwise seriously impair the effective operation of the Financial Ombudsman Service.”

DISP 3.3.4B gives examples of what might seriously impair the effective operation of the Financial Ombudsman Service. The example that relates most closely to Mrs G's complaint is:

“(3) where the subject matter of the complaint has previously been considered or excluded under the Financial Ombudsman Service (unless material new evidence which the Ombudsman considers likely to affect the outcome has subsequently become available to the complainant);”

In the first instance, I think it's important to make clear that the powers afforded to me by DISP 3.3.4A, are discretionary. I'm not obliged to exercise them. It is a matter for me to decide on the individual facts and circumstances of a case, whether or not it is appropriate to do so.

In this case then, it appears that Mrs G has already had a decision about various debts she has with Barclays; and whether or not the information provided by the parties at the time show that these had been written off. That Ombudsman hadn't seen evidence from either party which they felt showed the debts had been written off. But since this decision, Barclays has provided information to both Mrs G and this service which confirms that her Barclayloan was in fact written off. And so, it is my view that Mrs G has materially new evidence, which, in my view has affected the outcome of this case about the Barclayloan, and so I won't be exercising my right to dismiss Mrs G's complaint.

It might be worth setting out here what it means for an account balance to be 'written off'. When this happens, it is essentially a firm's decision not to pursue a debt at that time. The debt still remains, and it is still a debt owed to the firm; but it is just that the firm has taken the decision not to collect it. However, it can still take action to pursue the debt in the future.

The evidence I have seen suggests that the Barclayloan in question was written off in 2018. But Mrs G started getting letters about loan arrears and repayments starting in 2020. And I can see from previous final responses that it was explained to her that the loan wasn't written off. The most recent final response confirms the Barclayloan debt was in fact written off, with an outstanding balance of £5,345.03. Barclays has accepted that it provided conflicting and/or incorrect information to Mrs G about the loan from 2020, and it has incorrectly sent her letters about the loan. And because of these mistakes, it has paid her £300.

It is my view that the £300 Barclays has awarded here falls short of what I would expect in these circumstances. Barclays has agreed that for at least four years, the information it had

provided Mrs G about the loan was conflicting or just incorrect. It is clear that Mrs G has always been certain that she was told her Barclayloan debt had been written off, and then to be told after the event that this wasn't correct, would have been incredibly distressing for Mrs G. And I'm not currently persuaded that £300 is enough to compensate Mrs G for the impact of such misinformation over a sustained period of time. I will consider what I think is fair compensation at the end of this decision.

Mrs G's remaining concerns appear to now be about the reporting of the loan, both internally and to the credit reference agencies (CRAs); and how this has affected her over the years. Some of the things she has told this service is that it prevented her from getting a start-up loan for her business and she was prevented from getting an overdraft with Barclays. But I'm sorry to disappoint Mrs G, I don't think Barclays has done anything wrong in how it has reported the loan.

In relation to the credit file reporting, even when a loan account has been written off, it should still be reported to the credit reference agencies – I understand Mrs G's loan defaulted before the write-off – and it would be fair and accurate to report this to the CRA's. After all, as I've explained earlier, the debt is still owed to Barclays, it's just that it has decided not to collect it.

I have seen a copy of a letter someone at Barclays sent to the start-up loan company in 2016, which explained that Mrs G's accounts were being cleared from her credit file; so I can understand why Mrs G would be under the impression that her Barclayloan account would cease to be reported to the CRA's. The letter isn't specific as to what account it was referring to when it said it would 'clearing the consumers credit file', nor is it clear about what 'clearing' the credit file means in practise. I accept though, that it is possible the intention was to remove the Barclayloan from reporting; but given the length of time that has now passed, it is difficult to know this with any certainty.

But in any event, when a loan is written off, this doesn't mean that a credit file should reflect that it ceased to ever exist. On the contrary, a credit file should be an accurate reflection of the credit someone has (or had), and how it has been managed. So it is my view that Barclays didn't do anything wrong when it continued to report the loan and the default to the CRA's – as this is what it was required to do. While I accept that it's possible the reporting of the loan has led to Mrs G being unable to obtain lending elsewhere; I won't be asking Barclays to compensate Mrs G for this, because I haven't found it acted unfairly.

What I'm ultimately saying here is that even if someone at Barclays had intended for this loan account to be removed from her credit file reporting; I think it would have been wrong to do so, for the reasons I've explained. Removing the account information would have shown an incomplete picture of Mrs G's credit worthiness – and removing it could have amounted to something akin to credit washing which wouldn't be appropriate. So, I don't find it unreasonable in these circumstances that Barclays reported the loan to the CRA's after it had agreed to write it off.

In relation to the internal records about Mrs G's loan, clearly there was an issue at some point with it not being clear that the loan had been written off. But it does appear that this information was recorded somewhere, as has since become clear. Either way, I don't think it likely that it not being clear on Barclays systems that the loan was written off has caused Barclays not to provide Mrs G with further lending by way of overdraft. I say this because ultimately, Mrs G owes a debt to Barclays – whether this is written off or not. And because it hasn't been repaid, I find this likely to be a negative contributing factor to any lending decision; there is nothing unreasonable about this.

In addition to this, it appears that Mrs G disputes that the loan should be recorded internally at all, but I can't fairly conclude that Barclays has done anything wrong in still maintaining a record of the loan. Barclays are entitled to keep a record of the products held by a customer, and how those accounts were managed. It is also entitled to use information it holds when considering future lending decisions. And like I explained, just because the loan has been written off and Mrs G is no longer being pursued for the outstanding debt, this doesn't mean that it should be treated as though it didn't exist. And therefore, I'm satisfied that Barclays hasn't acted unfairly or unreasonably by holding an internal record of the loan.

Putting things right

Given that I have found Barclays provided Mrs G with contradictory or incorrect information about the status of her loan, when it maintained it hadn't been written off, and subsequently sent her letters about it. I have considered what fair and reasonable compensation might look like in this case.

As I've said, Barclays thought £300 was fair here, but I don't agree. I note the Investigator felt that the compensation of £425 was satisfactory for everything that had happened, but £125 of this was for a separate customer service issue that Mrs G hasn't referred to this Service. So, I'm satisfied that Barclays offered Mrs G £300 for the information about the loan.

It's seldom straightforward to decide on appropriate levels of compensation for non-financial losses. Not least because the impact on the consumer will be, by its very nature, subjective and difficult to quantify. When deciding on fair compensation, I have thought about the overall impact the situation is likely to have had on Mrs G, together with our published approach to compensation for distress and inconvenience, which can be found on our website.

Having done so, I think an award of £600 in total would be more appropriate here. I say this because Mrs G has been provided with, at best, unclear information since 2020 about the status of her loan. She had been certain all along that Barclays had previously told her it had been written off, so for Barclays to then maintain for four years that in fact the loan hadn't been written off must have been a very worrying and distressing time for Mrs G. I consider the situation to have caused considerable distress, upset and worry – and significant inconvenience that required a lot of extra effort for Mrs G to sort out; which is what I'd need to be satisfied of here to make an award of this level.

I haven't awarded more than £600 because, ultimately, Mrs G hasn't made further repayments to the loan since it was written off, and therefore I don't think she has been caused further distress or financial strain by trying to pay back what she owes.

I accept Mrs G will still likely be disappointed by my decision as I can see how strongly she feels about what's happened – especially in relation to the impact to her credit file and Barclays internal records. But for the reasons I've explained, I'm satisfied that Barclays did make a mistake when it wasn't clear with Mrs G about the status of her Barclayloan, and it shouldn't have sent her letters asking her for repayment when it didn't require her to. And because of these things, I think Barclays should increase the total award to £600 (it can deduct the £300 it has already paid her from this total amount). But as I've said, I can't fairly conclude it has done anything wrong in how it has recorded Mrs G's loan either internally or externally."

Barclays responded to my provisional decision to say that it agreed to pay the additional £300.

Mrs G responded and said she wanted to provide more information about her losses; however, asked for an extension to respond. I agreed the extension for Mrs G to provide further submissions by 7 April 2026. As she hasn't replied by that date I'm proceeding with my consideration of the case, as I'm entitled to do in these circumstances in accordance with DISP 3.5.15R.

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 considered matters again and considering that neither party provided me with any additional information to consider, I see no reason to depart from the findings made in my provisional decision. It follows that it is my decision to uphold Mrs G's complaint for the reasons set out in my provisional findings.

Putting things right

Barclays should put things right for Mrs G by paying her £600 in total for the distress and inconvenience caused to her by the incorrect information it provided about her Barclayloan; and the letters it sent her asking for repayment. It can deduct the £300 it has already offered her from this amount, if it has already paid this to her.

My final decision

For the reasons set out above, I uphold Mrs G's complaint. I order Barclays Bank UK PLC to put things right for Mrs G by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 6 May 2026.

Sophie Wilkinson
Ombudsman