

The complaint

Mrs G and Mrs T complain that Barclays Bank UK PLC gave incorrect advice which has led to a reduced credit score and difficulties with a lender.

What happened

All submissions on this case have been made by Mrs T and so I'll be referring to her throughout.

Mrs G and Mrs T purchased flooring through a retailer who arranged 0% finance for the payment of the bill for the goods. The retailer also recommended a flooring contractor to fit the flooring but left Mrs G and Mrs T to arrange this and also pay their bill directly.

Mrs T says that after the flooring had been fitted, she was unhappy with the finish. She complained to the installer and then to the flooring retailer. Neither offered what Mrs T required, compensation, so she could have the poor fitting rectified.

Mrs T contacted Barclays on 18 June 2025 to see what it could do to help. She suggested that a direct debit indemnity would be appropriate but was told that this wasn't an option because the finance company which provided the finance hadn't breached the terms of the direct debit guarantee. She then asked if a chargeback could be attempted against the business which fitted the flooring but was told as payment had been made by bank transfer a chargeback wasn't an option. Mrs T reluctantly accepted what she'd been told.

Five days later, 23 June 2025, Mrs T called again with the same questions. But this time she also said that the goods supplied by the flooring retailer were defective. At the conclusion of the conversation (which lasted just over 60 minutes) Mrs T said that she would be cancelling the direct debit and then would be asking for a direct debit indemnity claim if the finance company continued to claim. An indemnity was requested and approved which led to the finance company marking Mrs T's account as in arrears with credit reference agencies and seeking payment from her.

Mrs T complained to Barclays because she said she didn't understand how a direct debit indemnity worked and it hadn't been made clear to her. Barclays partially upheld Mrs T's complaint and said a claim had been started incorrectly and the bank agent shouldn't have commenced it. But it said Mrs T had correctly been referred back to the retailer on several occasions. It paid Mrs T £100 as compensation. Mrs T didn't think this was sufficient and so referred the complaint to this service, with Mrs G's approval.

An investigator reviewed the complaint and said the compensation offered by Barclays was sufficient. But they did also say that Barclays should issue a letter for passing on to the finance company saying the indemnity claim against the direct debit was incorrectly raised because of an ongoing dispute. Barclays agreed to the letter and sent proposed wording. Mrs T didn't agree that £100 was sufficient compensation but accepted it on the grounds the letter said what she wanted.

Barclays sent a form of words which was passed on to Mrs T. She disagreed with the

wording and wanted Barclays to include an apology for the error, inconvenience caused and the impact caused to her credit file.

Barclays wouldn't agree to the form of words required by Mrs T and so the complaint has been referred to me, as an ombudsman, for a 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.

I am not intending to go into a lot of detail about the issue Mrs T and Mrs G have with the retailer and the flooring fitter. Because that's not what this complaint is about. This complaint centres on the information given to Mrs T during two key phone calls (18 June 2025 and 23 June 2025). I've both read the transcript of the calls and listened to the original recordings to be sure that I am using accurate information.

Mrs T has asked that events which have happened post the final response should be taken into account. I can't do that. I can only deal with the matters that were sent to Barclays and addressed in its final response letter. If there are matters subsequent which Mrs T is unhappy with, she'll need to raise a new complaint with Barclays. If she is then unhappy with the response from Barclays, the complaint can be referred to us.

Mrs T has been adamant throughout that Barclays did not explain the process of a direct debit indemnity to her, and she made it clear that she did not want to cancel the direct debit or have payments recalled. I agree that Barclays could have been clearer on how a direct debit indemnity works. But, having listened to the calls and read the transcripts, Mrs T is very insistent that an indemnity should be started.

I have also noted during the calls that Mrs T acknowledged the steps she may have to take to get action. She said during the call on 18 June 2025:

"I am aware that if I simply stop paying, I will incur in having some like negative credit score because of course I'm aware that if I simply stop like a direct debit like that, its gonna impact me negatively, so, which is what, what, what, what I'm trying to avoid of course because I don't wanna have problem with my credit score that at the moment is excellent because I'm always like a good payer."

However, towards the end of the call, Mrs T says:

So the problem that I have now that I'll probably have to consider to just cancel this direct debit. Um, because I, I need the money to get this job rectified. That that's, that's the problem I have, but the thing is that nobody there, its able to kind of give me any, any sort of protection and that would be the only one in all the story to get penalised because I know that when I'm gonna cancel the debit, I will get penalised on my credit score.

In the call on 23 June 2025, the adviser did tell Mrs T that a direct debit indemnity couldn't be used for a contractual dispute, but Mrs T persuaded the agent to start the claim process. They shouldn't have been talked into starting the claim. But, I don't think it's fair to say that Mrs T had made it clear she didn't want the direct debit cancelled. Because the transcripts don't bear that out.

Putting things right

I agree that Mrs T has been caused inconvenience here and that the agent she spoke to shouldn't have raised a claim despite Mrs T's protestations. But I think the compensation paid of £100 is in the area that I would have awarded if Barclays hadn't already made the payment.

I do think Barclays should issue a letter explaining the error but I think the form of words it has used in its email to this service on 13 November 2025 is adequate.

My final decision

My final decision is that I uphold this complaint and direct Barclays Bank UK PLC to issue a letter to Mrs T in the form it proposed on 13 November 2025. I make no further financial award in this case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mrs T to accept or reject my decision before 13 May 2026.

Stephen Farmer
Ombudsman