

## **complaint**

Mr U and Mrs B complained that they were mis-sold payment protection insurance (PPI) with a number of loans with Barclays Bank Plc (Barclays).

## **background**

Barclays agreed that Mr U and Mrs B had been mis-sold PPI and made them an offer on three of the loans. It made the offer in 2012 for the amount of £9,622.76. Of this amount Barclays said that £7,640.79 would be applied to existing loan arrears on loan number 3 and that the balance of £1,981.97 would be paid to Mr U and Mrs B.

During the course of the complaint another loan was discovered which Barclays agreed to make an offer on. Because Barclays didn't have any information on this loan, it made an average offer based on what average consumers spent for a similar loan over a similar period.

In 2014 Barclays agreed it should not have offset all the PPI compensation for all loans against the entire arrears on loan 3. So it said it would only pay the loan 3 compensation against the arrears on loan 3 and refund compensation for the other loans to Mr U and Mrs B. This meant a further £4,416.85 was paid to Mr U and Mrs B (including compensation for the newly discovered loan).

So, in total Mr U and Mrs B received £6,398.82 in compensation and the remaining compensation reduced the outstanding balance on loan 3 to £783.94.

Mr U and Mrs B are no longer complaining about the amount of the offers or how the compensation was applied. They are seeking to be compensated for the time, effort and aggravation they have suffered over the years which caused them a lot of stress.

Barclays agreed to pay a further £200.00 for the trouble and upset Mr U and Mrs B experienced in them dealing with this matter. But Mr U and Mrs B don't think this is enough money and want more.

Our adjudicator agreed that the trouble and upset payment was fair. Mr U and Mrs B disagreed with the amount and the matter has been passed to me to make a final decision.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Barclays has agreed that it mis-sold PPI and so I am not going to look at how the policies were sold but whether the offer is fair. I think it was fair and since Mr U and Mrs B have not disputed the amount of the offer, I am not going to comment further on that other than to say it is in line with what we would expect.

Barclays never sold the loans to third parties to recover but it appointed agents to act on its behalf. Mr U and Mrs B have complained that they have been chased by four different debt collection agents. Sometimes the agents were chasing the same debt at the same time as another. The agents quoted incorrect amounts to Mr U and Mrs B and caused them a great deal of stress and confusion, particularly at a time when Mr U was suffering from ill health.

They say that the debt collection agents were very aggressive and this upset them because they are elderly and more vulnerable. They say this stress directly impacted on Mr U's physical health.

We have also been told that the agents continued to chase the debt on loan 3 even after Barclays had applied the compensation to it and still quoted a balance of over £8,000 owing, when the actual figure was less than £800.00. Mr U and Mrs B said the agents only stopped chasing them when this service became involved.

Initially Mr U and Mrs B wanted £20,000.00 in compensation for this distress but they have since said they will settle for the remaining debt of £783.94 being wiped off by Barclays. Barclays initially offered £100.00 in compensation for the trouble and upset caused to Mr U and Mrs B in the handling of their complaint. We went back to Barclays and it agreed to increase the compensation to £200.00.

I have carefully thought about this complaint and carefully considered the circumstances of the case. Our role isn't to punish the business, it is to look at what is fair and reasonable in the circumstances of the complaint and take a balanced approach.

I have seen evidence of different letters between 2012 and 2013 sent to Mr U and Mrs B from different debt collecting agents. The letters relate to the same account and the amount outstanding on the loan was incorrectly stated to them, even after the balance of the loan had been reduced by compensation from the PPI. I can understand that this would have caused a great deal of distress and confusion to Mr U and Mrs B, particularly when they were also dealing with issues of ill health.

After examining why Mr U and Mrs B received letters from different agents, I can see that some of the named agents were different branches of Barclays and then Barclays also used a third party debt management company to manage the debt. I agree this would be very confusing.

I agree with our adjudicator that I cannot direct Barclays to clear the whole outstanding balance of the loan owed to it. This is a debt owed to Barclays and is a contractual obligation which persists regardless of the issues outstanding.

But I do think Barclays could have handled this matter much better. I can see that the consumers would have spent time and effort trying to clarify what happened with the agents and the amounts outstanding. Especially after Barclays had said it would be using PPI compensation to substantially reduce their arrears.

I think Barclays should have initially been clearer that it wouldn't offset compensation for all of the loans against loan 3 and I think the offer letters are largely unclear and confusing. I also am unclear as to why it took so long for the last loan to be found. I think more could have been done to establish the position at the beginning.

I agree that Barclays role is separate to the agents it employed to recover or chase the debt. But I think the customers have been very confused by this. And that these debt collecting parties had not been properly updated or instructed by Barclays, since they continued to pursue debt which had been mostly paid off.

To that extent I agree with Mr U and Mrs B that £200.00 isn't enough compensation. Taking all of the circumstances into account I think Barclays needs to increase the payment by

£200.00 to make a total payment of £400.00 for the trouble and upset caused to Mr U and Mrs B for the overall management of their case.

**my final decision**

For the reasons I have set out above I am upholding this case against Barclays Bank Plc and direct Barclays to make a total award for trouble and upset for £400.00 to Mr U and Mrs B.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr U and Mrs B to accept or reject my decision before 8 October 2015.

Miranda Bates  
**ombudsman**