

## **complaint**

Mr L complains that Barclays Bank PLC, trading as Barclaycard, and its predecessor, should have registered defaults in relation to his credit card accounts in 2009 and treated him unfairly in not doing so.

## **background**

In 2009, Mr L entered into a debt management programme and paid reduced amounts in relation to two credit cards, one held with Barclaycard and one with a third party lender. Barclaycard recorded on Mr L's credit file that there was an arrangement to pay in relation to the account Mr L had with it.

In late 2011, Barclaycard acquired the credit card issued to Mr L by the third party lender. From the date of its acquisition of the credit card, Barclaycard also recorded on Mr L's credit file that there was an arrangement to pay.

Mr L cleared the debts in 2013 and the accounts are shown as settled.

In essence, Mr L says that Barclaycard and its predecessor should have recorded defaults in 2009 which would have been removed from his credit file six years later (in 2015), rather than arrangement to pay markers which will still show on his credit file until six years after final settlement in 2013. Mr L says that the failure to register defaults puts him in a worse position than someone who refused to pay.

### *the adjudicator's view*

The adjudicator did not recommend that the complaint should be upheld. He said, in summary, that Barclaycard was right not to register defaults in 2009. He said that other prospective lenders would view arrangements to pay more favourably than defaults, therefore the registration of defaults would have affected Mr L's credit rating to a greater degree. The adjudicator said that Barclaycard treated Mr L fairly during his financial difficulties.

Mr L did not agree with the adjudicator's view and responded to say that the Information Commissioner's Office defines an arrangement to pay as a temporary, short term arrangement up to six months.

He said that he does not consider that it is reasonable for adverse information to remain on his file longer than if he had defaulted in 2009. In subsequent correspondence, Mr L raised an additional query about the consistency of the information registered by the third party lender.

### *my provisional findings*

After considering all the evidence, I issued a provisional decision on this complaint to Mr L and Barclays in August 2014, which is reproduced below:

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

*Barclaycard is obliged to report accurate and meaningful information to credit reference agencies. I have looked at Mr L's credit card statements. In the particular circumstances*

*here, his indebtedness was not such that Barclaycard should have recorded a default when the debt management programme was agreed. Defaults are recorded when the lender decides that the relationship has broken down. That was not the case here as the arrangement to pay under the debt management programme provided for high levels of repayment which were acceptable to Barclaycard.*

*Mr L refers to guidance from the Information Commissioner's Office which refers to arrangements to pay involving "...a temporary, short-term (up to six months) arrangement where the lender agrees to accept reduced payments". There is nothing in the guidance to suggest that the arrangement to pay markers may only be recorded when the agreement is for up to six months.*

*The guidance goes on to describe debt management programmes, which is what Mr L entered into. It says that by entering a debt management programme, the borrower shows that he is acting more responsibly than someone who makes no effort whatsoever to pay what is due. The guidance says that the record filed on a credit reference file should discriminate between situations where repayments under a debt management programme are acceptable to a lender and those where the repayments are nominal as the borrower cannot afford more.*

*The repayments under the debt management programme were acceptable to the lenders here and were not nominal. In those circumstances, the guidance says that the agreement should be marked as included in a debt management programme. Mr L has provided a copy of his credit report. I cannot see that Barclaycard or its predecessor indicated that the arrangement to pay was part of a debt management programme.*

*During the course of the complaint, Mr L complained about the consistency of the information recorded by the third party lender. Barclaycard has indicated that it had amended the entries to ensure that they are consistent.*

*I note Mr L's contention that he is in a worse position than someone who made no effort to repay the debt as the arrangement to pay marker will remain on his credit file until six years after the debt was settled whereas a default registered at the time of the arrangement to pay would only remain six years from the default.*

*However, the adjudicator was right to say that a borrower who enters into a debt management programme is acting more responsibly than someone who makes no effort to pay and that is something that other, potential lenders will take into account.*

*My provisional view is that Barclaycard should record in Mr L's credit file that the repayment arrangements in relation to the two credit card accounts were part of a debt management programme. I intend to direct it to amend the report accordingly. In addition, Mr L may wish to use the notice of correction, that is, an explanatory statement that he can add to explain circumstances about why an entry is on his report.*

*My provisional decision is that I intend to uphold this complaint in part. I intend to direct Barclays Bank PLC, trading as Barclaycard, to amend Mr L's credit report to show that the repayment arrangements in relation to the two credit cards were part of a debt management programme.*

*the responses to the provisional decision*

*Barclaycard responded to say that it does not currently use, or have the system capacity to use, the debt management programme marker but uses arrangement to pay markers*

instead. It said that it is hoping to implement the requirement to use debt management programme markers by 2015. Barclaycard says that if Mr L accepts the decision, it can request a manual amendment to Mr L's credit file and replace the arrangement to pay markers with debt management programme markers.

Mr L responded to say that the decision was not what he was hoping for. He said that he was not sure what advantage debt management programme markers provides and that they may, in fact, be detrimental, as it tells future lenders that he previously had unmanageable debt. Mr L asked whether he is able to reopen the complaint if he is refused a mortgage in 2016 as a sole result of the arrangement to pay markers.

### **my findings**

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

As I said previously, Barclaycard is obliged to report accurate and meaningful information to credit reference agencies. I remain of the view that, in the particular circumstances here, the agreement should be marked as included in a debt management programme. I note Barclaycard's work towards that outcome generally and its willingness to manually amend Mr L's credit report, should he accept this decision.

It is open to Mr L to either accept this decision which will lead to Barclaycard amending his credit file to show that the repayment arrangements in relation to the two credit cards were part of a debt management programme, or to reject it which will mean that the credit report will not be amended.

It will not be possible for Mr L to reopen the complaint if he is refused a mortgage in 2016 as a sole result of the arrangement to pay markers. This decision provides him with the opportunity to have his credit report changed to show debt management programme markers, which would accurately reflects his credit history. I note that Mr L would prefer to have a spent default by 2016 but that is not an accurate reflection of his credit history and, for the reasons I set out in the provisional decision, Barclaycard is not at fault in failing to register a default in 2009.

I remain of the view that Barclaycard should record in Mr L's credit file that the repayment arrangements in relation to the two credit cards accounts were part of a debt management programme.

### **my final decision**

My final decision is that I uphold this complaint in part. I direct Barclays Bank PLC, trading as Barclaycard, to amend Mr L's credit report to show that the repayment arrangements in relation to the two credit cards were part of a debt management programme.

Louise Povey  
**ombudsman**