

## **complaint**

Mrs U complains about the interest charges on her Barclays Bank UK PLC (trading as Barclaycard) account.

## **background**

Mrs U received an email from Barclaycard suggesting she increase her monthly payment. But she couldn't afford to. So she asked if Barclaycard would freeze the interest for a short period. But it only agreed to do so for one month.

Mrs U said she was in financial difficulty. And her balance was only going down by £5 each month. She'd managed to transfer £4000 to another card. But she still owed £2000 on her Barclaycard account. So she wants the interest on the remaining balance freezing.

Barclaycard said Mrs U had only been making the minimum monthly repayments. So it'd contacted Mrs U to say she should consider increasing her monthly repayment. Otherwise she would be in persistent debt. Barclaycard said Mrs U had contacted it in October 2018. She wanted her interest freezing. To help Barclaycard suspended the interest for one month. And it provided contact details for organisations that might be able to offer advice. But it couldn't do any more.

Mrs U wasn't satisfied with Barclaycard's response. So she contacted our service and our adjudicator looked into the matter. She considered whether Barclaycard had done enough to help Mrs U. Although Mrs U had expressed concern about her credit rating being affected she felt Barclaycard could've acted more sympathetically when she'd asked for help. And she said Barclaycard should pay Mrs U £200 compensation.

Barclaycard didn't agree. It said it had to respond within the relevant regulatory considerations. And it had to take into account the limitations Mrs U had placed on the options she'd consider. So it's asked for an ombudsman's final decision.

## **my findings**

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

Barclaycard feels it did all it could when Mrs U asked for help. She'd been identified as a customer in persistent debt. And she hadn't been able to reduce the outstanding balance through her monthly payments for a considerable period of time. So it followed guidelines from its regulator, the FCA, and contacted her about increasing her payments.

Mrs U told Barclaycard that wasn't possible. She'd separated from her partner and had two children to care for. And she needed help. She was concerned about the monthly interest on her account. So she asked if Barclaycard would reduce the rate or consolidate her debt into a loan.

Barclaycard said there were limitations to what Mrs U would consider. She didn't want to do anything that affected her credit rating. Barclaycard said it didn't offer consolidating loans. And it didn't have any 0% interest rate offers available. So it suggested she look at other providers.

Barclaycard said Mrs U hadn't specifically said she was in financial difficulty. And at the time she wasn't behind on her payments. If Mrs U had been in arrears it would've referred her to its recoveries team to see what it could do to help.

I've listened to three calls between Mrs U and Barclaycard. Mrs U says she's received the message about increasing her monthly payments. On each occasion she explains that she's now on her own with her two children. And she can't afford to pay any more. She's already paying some £475 a month to credit cards. And although she's not missed any payments she's only just managing to pay the minimum amounts each month.

Barclaycard said it didn't have any promotional rates or loans it could offer Mrs U. So it suggested she look at other providers. And it also passed on information about third parties who might be able to help Mrs U manage her finances. During the third call with the relationship manager Mrs U says she doesn't want to do anything that might affect her credit rating. And she's concerned if she unsuccessfully applies for loans to consolidate her debts she won't be able to apply again for another six months.

Our adjudicator felt Barclaycard could've done more to help Mrs U. And I've considered what Barclaycard said in response. But based on everything I've seen I agree with her view. Its clear Mrs U was trying to find a realistic and affordable solution to her problems. She wanted to reduce and then pay off her debts. She didn't want to default on her borrowing. And she wanted a solution that didn't affect her credit rating and make it harder in the future.

Although Mrs U didn't specifically say she was in financial difficulty its clear she was asking for help. Her financial circumstances had worsened. And by paying the bare minimum each month she wasn't reducing her level of debt. Mrs U describes the situation as being in a vicious circle of transferring to 0% promotional rates whenever they become available.

Even though Mrs U wasn't behind on her payments I do think she said enough to suggest that might become the case if she wasn't able to reduce her monthly outgoings. And Barclaycard had already identified Mrs U as being in persistent debt. Her calls make it clear there's a real risk of her situation getting worse not better.

So I think Barclaycard could've done more to help. If she'd been transferred to a more appropriate department it could've discussed her financial circumstances and clearly stated what options Mrs U had. Even if Barclaycard didn't have any products available at the time Mrs U would've been clearer on what she needed to do.

I can see Mrs U has now been able to clear her Barclaycard balance using more favourable rates from other providers. And I hope she is able to continue to manage and improve her financial situation. But I think Barclaycard could've done more to help Mrs U.

The FCA guidelines which help businesses identify customers who are in persistent debt are designed to try and break that cycle of minimal debt repayment.

So I think Barclaycard should've transferred Mrs U to a team who could've carried out a more thorough review. And it could've made sure Mrs U was fully informed what her options were and what impact each would have. I can see our adjudicator suggested Barclaycard compensate Mrs U for not doing more. And she suggested a figure of £200. I think that's appropriate in the circumstances.

**my final decision**

My final decision is that Barclays Bank UK PLC (trading as Barclaycard) should pay Mrs U £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs U to accept or reject my decision before 25 August 2019.

Andrew Mason  
**ombudsman**