

complaint

Mrs F complains that Barclays Bank Plc (trading as Barclaycard) defaulted her account even though she had a repayment plan in place with them. They did not tell her they had sold her debt to a debt collection company. And she would like the adverse entry removed from her credit file.

background

Mrs F's Barclaycard account was in substantial arrears. In January 2014 Barclaycard wrote a letter to her in which they agreed to an informal repayment plan. If Mrs F paid £1 each month, Barclaycard would suspend the interest and charges on her account.

So Mrs F asked another bank to set up a standing order to Barclaycard of £1 each month. But the other bank made a mistake and did not set up the standing order correctly. So her payments never reached Barclaycard. When Mrs F found this out in May, she sent Barclaycard a cheque for £5. But in June Barclaycard closed the account and sent it to its recoveries department. The account was defaulted, and in August Barclaycard sold the debt to a collection agency without telling Mrs F.

Mrs F complained to Barclaycard. Barclaycard did not agree it had done anything wrong, but it did accept that it had taken too long to look into her complaint. So it paid her £150 compensation for the delay.

Mrs F complained about both banks. We have treated this as two complaints

Our adjudicator did not uphold the complaint against Barclaycard. She thought that Barclaycard would still have defaulted Mrs F's account even if her payments had gone through. Barclaycard had warned Mrs F that this would happen eventually. The sale of her debt to the debt collection company did not make her financially worse off, and Barclaycard was entitled to do it. And her credit file was accurate, so she could not ask Barclaycard to change it.

Mrs F did not accept that decision, and sent more documents to this service to show us what had happened.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. My findings are only about this complaint about Barclaycard. I will decide Mrs F's other complaint in a separate decision.

In the January letter there was a paragraph which read as follows:

"IMPORTANT – PLEASE READ THIS CAREFULLY

As the amount offered is less than we need for a formal reduced repayment plan, your account with us will eventually be closed and passed to our Recoveries department."

So Barclaycard had told Mrs F that her account was always going to be closed eventually. It had drawn her attention to that sentence with a heading in bold type, in capital letters, with

underlining, to make sure that she would not miss it. And it included the same paragraph, with the same heading, in another letter in March. So I decide that even if the other bank had not made a mistake in setting up the standing order to Barclaycard, the outcome would still have been the same.

By the time the account was closed in June, she owed over £20,000. So I do not believe that there was any chance that she might have paid off the debt if she had been given more time. To prevent Barclaycard from closing the account, the minimum she would have had to pay would have been £583 each month. She certainly could not afford to pay this much.

I do appreciate that Mrs F must feel frustrated that her £5 cheque did not make any difference to her unfortunate situation. But I do not find that Barclaycard did anything wrong by closing and defaulting her account. If anything, I think that Barclaycard treated her sympathetically by giving her a period of grace in which she could make token payments with no interest or bank charges.

Mrs F says that Barclaycard should have told her it was selling her debt to a debt collection company. But the bank sent her a letter in early July which told her that a debt collection company would collect the debt from then on. The letter said that either Barclaycard would sell the debt to the collection agency, or else the collection agency would collect the money from her on the bank's behalf. So I think that Barclaycard did enough.

Finally, the January and March letters warned Mrs F that because she was not on a formal repayment plan, there would be a report on her credit file that her account was in arrears. Her credit file is accurate. So there is no basis on which I can tell Barclaycard to remove this account from her credit file.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs F to accept or reject my decision before 12 June 2015.

Richard Wood
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