

## **complaint**

Ms G complains that Barclays Bank PLC defaulted and closed three accounts she had with it, without giving her proper notice and that it has wrongly left adverse information on her credit record even though she has paid off any outstanding amounts.

## **background**

Ms G had a Barclaycard account, a current account (with an overdraft) and a type of loan. She lost her job and became unable to make all the required payments. All three accounts were eventually defaulted. By early 2014 she had settled all the accounts. In late 2014 she complained to Barclays, saying that a job offer had been withdrawn because her credit record was showing the defaults. She said that Barclays had agreed to update her records when she paid off the money.

Our adjudicator said that she was satisfied that Barclays had acted correctly when it applied defaults to the accounts, and had issued default letters to Ms G. However Barclays had agreed that it had made a mistake in sending the default letter about the loan account to the wrong address. It had therefore now offered £400 in compensation, consisting of £250 for sending the letter to the wrong address, £100 for a delay in dealing with the complaint, and £50 for distress and inconvenience. However the adjudicator did not recommend that the record of the defaults was removed. She said the bank had a duty to register the information.

Ms G disagreed strongly, saying she wanted her credit records amended. She said all three defaults were shown as against the same incorrect address, so information about her accounts may have been going there for some time. She also questioned whether letters mentioned by Barclays had been sent at all or reached their destination. She referred to her debit card having been withdrawn in 2010 though her account had been within overdraft limits. She said she had been told Barclays' records since 2010 had been deleted and the ones remaining contained nothing to show the current account was going to a recovery agent. She felt that we had not considered her evidence at all, and stressed the urgency of the issue.

## **my findings**

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

As I think Ms G now understands (though I am not sure she did when she first complained) settling the accounts was never, in itself, going to remove the default registration once that had happened. It would simply result in the accounts showing as having been satisfied. That would improve Ms G's credit record - but apparently not enough to satisfy potential employers in her preferred line of work.

It is unfortunate if Ms G was led to believe that Barclays deleted some records about her accounts. I am satisfied that the records we have seen are genuine and provide significant amounts of evidence about how Barclays was handling her accounts at the crucial time: which seems to be more 2011 to 2012, than 2010.

However there is a significant issue about the addresses Barclays had and was using to contact her. Ms G says that from about 2008 she lived at address A and moved in April 2011 to address B. The wrong address, mentioned previously, is the same as address A, except

the flat number is two higher than where Miss A lived. I shall call that wrong address, address C. Ms G has never lived at address C.

#### Current account

Although Ms G's debit card was withdrawn in 2010, her account continued to operate. The current records show that Ms G's address was shown as "Gone away" from 15 June 2011: suggesting that mail sent to address A had been returned after she moved to address B. They show that the address was updated to address B from February 2012. Although Ms G has said she had closed this account at a zero balance at one point, I cannot see any evidence of that from the bank statements. Until about March 2012 loan repayments were being made by standing order from the account, and Ms G made cash payments into it. But the account remained overdrawn by at least £600. No payment was made into the account in November 2011 or February 2012. In February 2012 Barclays sent a number of letters to Ms G at address B (ie the correct address at that time), asking her to make a payment into her account and asking her to contact the bank. Then in March 2012 Barclays wrote saying that because Ms G had not responded, her overdraft had been cancelled and her credit rating might also be at risk. Although Ms G says that Barclays did not notify her of the change regarding the overdraft, I have seen a copy of a letter sent to the correct address. In May 2012 she was sent a termination notice saying the bank intended to register details of the account with credit reference agencies, and that it might seriously affect her ability to obtain credit. She was asked to pay off the overdraft in full. The bank later registered the default as from 31 May 2012. While I cannot be certain all the bank's letters reached Ms G, they were correctly addressed and I have no reason to think the bank did not send them. If for some reason Ms G did not receive the letters, I have no evidence to suggest that that was Barclays' fault.

I have noted evidence Ms G has provided which shows that in 2014 a credit reference agency was recording her address for this account as address C. I do not know how that happened, but I have seen copies of key letters sent about this account in February to May 2012 and am satisfied they were sent to address B ie the correct one. I think the mistaken use of address C with the credit reference agency somehow occurred later: after that address began being linked to Ms G's loan account (see below).

#### Loan

As with the current account the loan statements show that Ms G's address was updated from address A to address B in February 2012. Regular payments from Ms G's current account were made by standing order until March 2012, when they stopped: probably because the overdraft on the current account had been cancelled. Statements, sent to address B, then pointed out that as Ms G was not making the minimum payment she had broken the credit agreement, and that that could make it more difficult for her to get credit in future. However, after some post was returned to the bank, in August 2012 Barclays tried to trace Ms G. Somehow that seems to have resulted in the address C (ie the flat two numbers away from her old address) then being used for her loan account. So when Barclays sent a default notice there in September 2012, it seems very unlikely that Ms G would have received that, nor a letter in February 2013 saying the default would be registered with credit reference agencies.

#### Barclaycard

Barclaycard had no record of Ms G's move to address B and continued to write to her at address A during 2012. Statements and various letters expressing concern about the account and an eventual default notice in September 2012, all went to her old address, at A. Although Ms G says she told Barclaycard about her move, I have seen no evidence that she

did. Ms G has provided evidence that in 2014 a credit reference agency was recording her address for this account as address C. I do not know how that happened, but I have seen evidence that the letters Barclaycard sent about the default were sent to address A. I suspect the mistaken use of address C with the credit reference agency occurred somehow after that address began being linked to Ms G's loan account.

Ms G has also said that she had closed her Barclaycard account in 2011. But the statements show that the balance was never less than £450 during 2011, she still made occasional payments with the card, and she made varied payments to the account from time to time until June 2012. So I cannot see that she could have thought that in 2012 that the account was closed or that there was not still a sum owing.

So in sum:

- I can see no grounds to think Ms G was unaware in 2012 that her current account was still open (even though she no longer had a debit card). I think Barclays made reasonable efforts, sending letters to the correct address, to let her know it had justified concerns about the account, then that it was to withdraw the overdraft and then that it was intending to record adverse credit data. So I cannot see that I have grounds to uphold her complaint about the recording of the default on this account, except in that it was recorded against the wrong address by 2014.
- Ms G was almost certainly not getting letters or statements about her loan after August 2012, because of Barclays' mistake about the address. But I would have expected her to realise that loan payments were still outstanding and that that would affect her credit record. She had been warned about that while Barclays was still sending letters to the right address. But Barclays certainly should not have sent information to the wrong address, and I wouldn't expect her to have noticed a lack of statements before the default notice was sent in September. I uphold the complaint about Barclays' failure to send information about the default on the loan to the correct address.
- The fact that Ms G made payments from time to time to her Barclaycard account until June 2012 shows that she knew that account was still open and she still owed money on it. If she did not tell Barclaycard about her move in 2011, then the later failure to receive information is her fault. If she did tell Barclaycard, but never got any statements to her new address, I would have expected her to follow that up later in 2011 and to make sure she was receiving her statements and other information. She would then have received information about the pending default in 2012. On balance I do not think I have adequate grounds to uphold her complaint about this account, except in that it was recorded against the wrong address in her credit records by 2014.

I cannot see that the fact that at one point the defaults on the current account and the Barclaycard were recorded at a credit reference agency with the wrong address for Ms G, would in itself have caused her any loss or particular difficulties. So I cannot see that it would be fair and reasonable for me to expect Barclays to do more than ensure it has the correct address recorded for these accounts. I have not seen anything to show Barclays sent correspondence on those accounts to address C.

However the mistake with the address on the loan was serious. It meant that Ms G would not have received various important information including the default notice, and people at

address C might have seen that information. I know that Ms G did pay off all the accounts in early 2014. But I don't know when she got the money to enable her to do that and whether she could have found the money settle the loan account in late 2012 - to be able avoid that default - if she had received the default notice. However by the time the default was registered on the loan, the default had already been registered on her current account. So, while a second default clearly will have damaged her credit record more, unfortunately by then that would have been poor in any event. And then in 2013 the default on the Barclaycard was also registered.

Without evidence that Ms G could have resolved issues with the loan account in 2012, when she was in significant arrears, I cannot see that I have grounds to ask for her credit record to be amended regarding the default. It is a fair reflection of the state of the account. I agree with the adjudicator that a payment of £400 is fair and reasonable compensation for sending the loan letters to the wrong address, the delay in dealing with the complaint and the distress and inconvenience caused.

Very recently Ms G has sent us a letter she has just received from Barclays refunding £695.28 in interest. It said it had discovered it was not entitled to charge that interest on the loan under the terms of the Consumer Credit Act because it had either sent incorrect information or not sent information it should have. I did consider whether without that the account might not have defaulted at all. But at the time of the default Ms G had not made any payments at all for several months. The minimum payments required were considerably more than just the interest, and the total outstanding was significantly more than the interest refunded. So I do not think the issue over the interest affects my view on the default.

### **my final decision**

My decision is that I uphold this complaint in part, as explained above. In full and final settlement I order Barclays Bank PLC to:

- pay Ms G £400; and
- ensure her credit records show the correct address.

Under the rules of the Financial Ombudsman Service, I am required to ask Ms G to accept or reject my decision before 6 November 2015

Hilary Bainbridge  
**ombudsman**