

complaint

Miss H is unhappy that Barclays Bank Plc (trading as Barclaycard) recorded a default on her credit file.

background

Miss H contacted Barclaycard in September 2017. She explained she was in financial difficulties and couldn't make her monthly repayments. After talking through Miss H's financial situation, Barclaycard thought her monthly outgoings exceeded her income so they couldn't agree a repayment plan for her account.

Barclaycard wrote to Miss H on 8 September 2017, giving her notice that she needed to make her monthly repayments or they would default the account. They said:

"This gives you until 11 November 2017 to call us and arrange to pay your standard minimum payments. If you don't do this, we'll register a default with the Credit Reference Agencies. This will stay on your credit file for up to six years and make it harder for you to get credit during that time."

The letter went on to say:

*"We'll then register a default with the Credit Reference Agencies from the date you told us you couldn't make your standard minimum payments. That way, the default could appear on your credit file for less time
We may then transfer your account to a Debt Collection Agency we've explained more about this over the page"*

Barclaycard sent Miss H a default notice on 11 October 2017. This time, Barclaycard said Miss H had until 12 November 2017 to make the monthly minimum repayments or a default would be recorded on her credit file.

Miss H paid £5 to her Barclaycard on 16 October and 6 November 2017.

Miss H got another default notice in October 2017, giving her a deadline of 14 December 2017.

As Miss H hadn't made the minimum monthly repayments by the original deadline of 11 November 2017, Barclaycard defaulted her account. They recorded the default date as 8 September 2017.

Miss H got in touch with Barclaycard on 19 December 2017 and said she could repay £2,000 by the end of the month. Barclaycard have since agreed a monthly repayment plan with Miss H's to repay the balance owed on her account.

Miss H complained to Barclaycard, saying she thought it was unfair that Barclaycard defaulted her account after she missed only two repayments. She was able to make repayments and the default was now making it hard for her to get a mortgage. Miss H also said Barclaycard recorded incorrectly a missed payment to her Barclaycard account in August 2017.

Barclaycard said that when Miss H contacted them in September 2017, she told them she expected to be in financial difficulty for two years. It looked at her income and expenditure and didn't think a repayment plan would be affordable for her. It suspended interest and charges applied to the account and gave Miss H 60 days to contact them about her account. Barclaycard didn't think they had recorded information on Miss H's credit file incorrectly and explained her credit file must be a true and accurate reflection of the status of her account. Unhappy with this response, Miss H referred her complaint to our service.

One of our investigators looked into Miss H's complaint but didn't uphold it. He thought Barclaycard did record a missed repayment in August incorrectly, and told Barclaycard to remove it. But our investigator thought Barclaycard were entitled to record the default and didn't ask them to remove it. Miss H feels the default is unfair, so this has come to me for a 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. Having done so, I've not upheld Miss H's complaint for the same reasons as our investigator. I realise this is likely to disappoint Miss H, but I'll explain my decision.

I've seen Barclaycard's letter sent to Miss H on 8 September 2017. It's clear that Miss H had until 11 November 2017 to pay her monthly minimum repayments or Barclaycard would record a default on her credit file from the date she first told them about her financial difficulties, which would be 8 September 2017.

I know Miss H is unhappy she only missed two monthly repayments after making regular repayments for years, and thought Barclaycard would give her longer than they did before defaulting the account. But the terms and conditions of Miss H's account allow Barclaycard to record a default if payments are missed. And Miss H missed her minimum repayments in October and November 2017.

So based on this, along with what she told Barclaycard about her situation and the level of reduced payments she could make, they took the decision to default her account – which I think they were entitled to make. They clearly explained that this would happen and told Miss H what she'd need to do to avoid this, along with giving her some time to see if she could prevent it from happening.

I understand a default on a credit file can make getting credit more difficult or expensive, but Barclaycard are obliged to ensure the information they record on Miss H's credit file is a true and accurate reflection of the status of her account. Miss H wasn't able to make the minimum repayments and – after the account was defaulted – entered into a repayment plan for less than the minimum monthly repayments. So I can't say the default isn't a true and accurate reflection of the account. Although I note Barclaycard recorded an incorrect missed repayment in August 2017 and agreed to amend Miss H's credit file.

Miss H says that when she spoke to Barclaycard in September 2017, she explained she could not give an accurate reflection of her income and expenditure. But I've not seen that she took steps to call back with the right information or agree another repayment plan. I know Miss H wanted breathing space and time to sort out her finances. I think Barclaycard treated her fairly by suspending interest and charges on her credit card. And as they hadn't

received the monthly minimum repayments – or an acceptable alternative repayment plan – they were entitled to default the account.

I don't think it makes a difference because Barclaycard gave Miss H a second deadline of 14 December 2017 to repay her account. I accept this may have caused confusion, but Miss H didn't meet this deadline, and Barclaycard already told Miss H it would record the default on the first day she told them about her financial difficulties.

I'm sorry Miss H found herself in this situation and I understand the problems the default on her credit file may now cause her. However, I don't think Barclaycard recorded the default incorrectly and don't uphold this complaint.

my final decision

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 15 September 2018.

Vicki Blackwood
ombudsman