

complaint

Mr K complains that Barclays Bank Plc unfairly recorded a default against his credit file.

background

In late 2015, Barclays told Mr K that it was going to withdraw his overdraft facility.

Mr K agreed a repayment plan of £100 a month until a loan was set up to pay off the outstanding balance. Barclays made a mistake that meant it didn't send Mr K the loan agreement. Instead Barclays applied fees to the account and sent Mr K notice of termination in December 2015. After Mr K spoke to the bank in early 2016, it apologised and agreed to send out the loan paperwork. Mr K continued to pay £100 a month.

In April 2016, Mr K received a letter from a debt collection company telling him Barclays had defaulted his account. Mr K complained saying he hadn't received any loan paperwork or a notice of default. Mr K was also upset that the debt collection company contacted him at work when he hadn't given the bank his work number.

Before this service became involved, Barclays refunded the incorrectly charged account fees. It sent Mr K a cheque for £125 compensation for the mistake with the paperwork in December 2015 and any delay dealing with his complaint. Barclays wouldn't agree to remove the default.

Our adjudicator recommended Mr K's complaint be upheld. Although he accepted the bank sent Mr K the second set of loan paperwork, our adjudicator thought it likely Mr K didn't receive this. He pointed out Mr K contacted the bank when he received the notice of termination at the end of 2015. And that Mr K had shown a willingness to clear the debt as he kept paying £100 a month.

Our adjudicator asked Barclays to let Mr K repay the debt at £100 a month for the next 11 months. He asked the bank to remove the default and update its phone records.

Barclays said it couldn't see a problem with agreeing to accept repayments over the next 11 months but that Mr K would have to discuss this with the collections team. Barclays agreed to remove his work number. But it wouldn't agree to remove the default. Barclays said Mr K didn't respond to a number of letters. And that he was aware the bank was resending the loan paperwork and that he needed to pay the debt. Barclays offered to increase the compensation from £125 to £200.

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 agree with the conclusions of our adjudicator.

In cases like this, where the evidence is inconclusive, I reach my decision on the balance of probabilities. That means I'll look at all the available evidence and decide what I think is most likely to have happened.

As the bank agrees with most of our adjudicator's recommendations, I will focus on the one area of dispute – the removal of the default.

Barclays doesn't consider it likely that a number of letters failed to reach Mr K. It considers the most likely scenario was that Mr K ignored the debt until Barclays recorded the default and involved the collection company. Although I can understand Barclays position – I need to look at what's most likely to have happened.

Mr K continued to pay £100 a month – more than the proposed monthly loan repayment. I struggle to see why Mr K wouldn't have returned the loan documentation if he'd received it. Although I appreciate Mr K could've contacted the bank to chase I'm satisfied Mr K intended to repay the outstanding balance.

In the circumstances, I find it fair to require Barclays to remove the default from Mr K's credit file as well as carrying out the adjudicator's other recommendations.

my final decision

My decision is that I uphold Mr K's complaint. In full and final settlement, I require Barclays Bank Plc to do the following:

- bring the debt back in house so that Mr K can repay the balance over the next 11 months
- give Mr K a breakdown of the outstanding debt, showing any payments made to date
- remove Mr K's work telephone number from its records if it hasn't already done so
- remove the default from Mr K's credit file
- make sure the debt collection company amends any entries that it might have made
- pay £75 in addition to the £125 cheque already sent to Mr K.

If Mr K hasn't already banked the £125 cheque and no longer has it, he should let Barclays know so that it can send him a replacement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 27 February 2017.

Gemma Bowen
ombudsman