

complaint

Mr E has complained that Barclays Bank Plc is charging interest on his Barclaycard balance, whilst Mr E is on a debt management plan due to financial difficulties.

background

Mr E entered a debt management plan ('DMP') in 2010. Due to this, Barclays accepted monthly payments that were below the minimum required by Mr E's credit card agreement. It also reduced the interest rate it applied to his balance.

Mr E has been making repayments and says he has now paid the original debt of £3,340.36 but still owes £901.79. He points out that this represents the interest charged; that he is now paying interest on this; and that other lenders – including lenders within the Barclays group – agreed to freeze interest when the DMP started.

The adjudicator's view was that Mr E's complaint shouldn't be upheld because Barclays met its obligation to treat him positively and sympathetically by reducing the interest it charged. The adjudicator also felt that different lenders within the Barclays group were entitled to make separate commercial decisions about what they charged.

Mr E didn't accept the adjudicator's view and said he felt it reasonable to assume that if some lenders within 'Barclays' didn't charge interest in certain circumstances, Barclaycard wouldn't do so either. He again raised the issues that other lenders had frozen his interest; that he'd already paid the original debt amount; and that Barclaycard had increased the interest it was charging as he continued to try to clear the debt.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have decided not to uphold it for reasons I'll explain.

I understand Mr E feels unhappy that he's already paid what he owed in 2010, but still has an outstanding balance. And that interest is being charged on that balance. But credit card balances attract interest and lenders don't have to stop charging interest just because an account holder is having difficulty repaying the debt. Barclaycard reduced Mr E's repayments and the interest rate that would've been applied, in order to help him with his debt. And his debt has been reducing since 2010 as a result. I've seen Barclays' letters to Mr E in February and March 2010 which explain this and say that they may reinstate the full interest rate. So by taking lower payments, reducing the interest rate and explaining this to Mr E at the outset, I think Barclays have treated him positively and sympathetically. I've noted what Mr E says about other lenders having frozen the interest on his debts since he started the DMP. I've also noted that some of those debts were owed to other members of the Barclays group. While all lenders must treat people in financial difficulties positively and sympathetically each lender can make its own commercial decisions and apply concessions accordingly. Even if lenders belong to a single company or group, they are dealing with different products that have different balances and repayments. For these reasons, I don't think that Barclaycard should have to follow the line taken by other lenders – including other member of the Barclays group.

I've also noted what Mr E says about being told, in relation to another of his Barclays debts, that Barclays doesn't charge interest if people are in financial difficulties. I don't think that what an employee of one of the Barclays group said can bind the actions of another member. As I've explained, each makes its own decisions, which I think is reasonable as they provide different products and operate separately.

my final decision

My final decision is not to uphold Mr E's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr E to accept or reject my decision before 24 August 2015.

Carol Jackson
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