

## **complaint**

Mr R complains about the handling of his credit card account by Barclays Bank Plc trading as Barclaycard.

## **background**

Prior to October 2011, Mr R had a loan account with Barclays Bank and a credit card account with Barclaycard.

In October 2011, Barclays Bank wrote to Mr R to tell him that they'd upheld a complaint he'd made about being mis-sold Payment Protection Insurance (PPI).

Mr R's related compensation more than paid off his outstanding loan with Barclays Bank, which stood at just over £7,500. The remaining sum – just over £13,500 was sent to Mr R by cheque. His loan account was closed.

Mr R says that at around this time (October or November 2011), he had a meeting with a manager in one of the bank's branches, at which he says he was told all his outstanding debts with Barclays were cleared.

Mr R tells us he took this to include the amount outstanding on his Barclaycard account. This account had defaulted in March 2011 and Mr R continued to make small repayments off the debt each month until November 2011.

In August 2017, Mr R received a demand from a debt collection agency for payment of the outstanding debt that had been owed on the credit card.

Mr R believes he should not be liable for this debt because more than six years have passed since he made payment or acknowledged the debt in any way. And because he'd been told the debt was cleared. He made a complaint to our service and our investigator looked into it.

Barclays say that when the account defaulted, Mr R was represented by the Citizens Advice Bureau (CAB). Because of this Barclaycard chose to regard the debt as 'dormant', so it didn't chase payment, didn't apply charges or fees and didn't sell the debt to a debt collection agency.

In 2013 Mr R raised a complaint about the PPI he was sold when he took out the credit card. Barclaycard upheld the complaint and calculated he was due over £200 compensation. This money was paid to him because his credit card account was no longer active.

Barclaycard reviewed the account in 2016 and, having had no communications from the CAB since 2011, assumed they were no longer representing Mr R. At that point, they made the decision to sell the debt to a third party.

Barclays have stressed that Barclays Bank and Barclaycard are separate entities – and that Mr R was not entitled to think that what Barclays Bank may have told him about his debt with them also applied to Barclaycard.

They also point out Mr R did in fact owe money to Barclaycard and remains liable for that debt, despite not making a payment or acknowledging the debt for a number of years.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr R believes that his credit card debt is statute-barred given the passage of time since he last acknowledged it or made a payment. Only a court can decide this. What I have to decide is whether Barclays acted fairly in the way they handled the debt.

It's not disputed that Mr R owed money in respect of his credit card account in late 2011. And there's no suggestion the excess compensation Mr R received in relation to the mis-sold PPI on his loan account was, in fact, used to settle what he owed on his credit card. So, Mr R hasn't repaid that debt and so does still owe money to Barclaycard.

Mr R claims he was misled at the meeting in October or November 2011. There is no record of that meeting, but I have no reason to disbelieve Mr R when he says that he was told that his debt with Barclays Bank had been settled – because it had.

A misunderstanding appears to have arisen because Mr R thought what he was told applied to both the loan and his credit card debt. He didn't realise that these two accounts were administered by separate entities. So he didn't realise the branch manager he spoke to could only have been referring to the loan – and not the credit card account - when he said Mr R's debt was settled.

I can see why Mr R might have been confused, but I have no evidence to suggest anyone intentionally misled him or told him specifically that the credit card debt had been repaid. In any case, I think it should have been reasonably clear to Mr R that the amount of compensation paid to him would have been lower if both debts had been settled.

I say that because Barclays Bank set out the position in a letter to Mr R dated 28 October 2011. This makes it clear that:

- the compensation Mr R was due for being mis-sold PPI on the loan was just above £21,000;
- Mr R's outstanding debt on the loan was just over £7,500;
- Mr R was being sent a cheque for just over £13,500.

Mr R would – or should – have known what he owed on both the loan (over £7,500) and the credit card (over £4,000). He would – or should – have known that a refund of about £21,000 couldn't have cleared both debts and left him with about £13,500 in hand.

Barclays have also provided copies of statements about the Barclaycard account which, up until January 2012, were sent to the last address they had for Mr R. Again, these made it clear that money was still owed on the account.

So, I can't conclude that Barclays acted unfairly in the way they communicated with Mr R about his PPI refund and/or his remaining debts.

I'm also satisfied that Barclays dealt fairly with the Barclaycard debt after November 2011. At that point, Mr R had stopped making any payments. But rather than chase him for payment,

or sell his debt, or continue to add charges and fees, Barclays made the account dormant. And that was, largely, to Mr R's advantage.

Barclays didn't review the position until 2016. They could have done so earlier, but that was a business decision. And in any case, overall, I can't see how an earlier review would've been to Mr R's advantage.

Barclays also communicated for a period of time with the CAB, rather than directly with Mr R. It is arguable that once the CAB ceased to respond, they might have tried again to contact Mr R directly. But that doesn't alter the fact that, whenever Barclays or others contacted him, Mr R had an unpaid debt that he knew about – or at least should have known about.

As I said above, if Mr R chooses not to settle the debt and the new lender takes him to court then the court may decide whether or not it's statute-barred. But I'm satisfied that Barclays haven't acted unfairly in the way they've handled his debt - including selling it on to the third party that has since chased Mr R for repayment. He did borrow the money. He hasn't paid it back. He should have known that the debt remained outstanding, even after the PPI refund on his loan in October 2011.

I would encourage Mr R to get in touch with the lender that now owns the debt to discuss repaying it. If he can't repay the debt in one go and is experiencing financial difficulties then the lender should treat him positively and sympathetically.

### **my final decision**

For the reasons given above, I do not uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 17 May 2018.

Neil Marshall  
**ombudsman**