

complaint

Mrs C complains how Barclays Bank Plc has dealt with her financial difficulties.

background

Mrs C had a joint account with her ex-husband. She was going through a difficult divorce so in 2016 she asked Barclays to put the account on hold. She later found out Barclays had defaulted the account and sold the debt to a recovery agent. But she hadn't received any notification about it.

Mrs C had instructed lawyers to deal with her divorce. And she'd told Barclays about the difficulties she was going through. She needed time to deal with the overdraft. Mrs C is concerned about the negative effect the default will have on her credit rating. She wants it removing.

Barclays said it tried to contact Mrs C and her husband during 2016 and 2017. The account was overdrawn. And it hadn't received regular payments into the account. Barclays wrote again on 1 December 2017. It'd decided to close the account in line with the terms and conditions. And it asked for full and immediate repayment of the balance on the account. Barclays said it wouldn't add any further fees to that amount. But if the debt wasn't settled it might transfer the debt to a recovery unit or agent. And it would register the details with credit reference agencies.

Mrs C wasn't satisfied with Barclays' response. She hadn't received all of Barclay's letters. So she contacted our service and our investigator looked into the matter. She didn't think it was unfair for Barclays to ask for payment on the account. Debt was outstanding on Mrs C's account. And payments had only been received in January and July 2017. So our investigator could see why Barclays had processed the account through its collections department and transferred it to a debt recovery agency.

And she was satisfied Mrs C should've been aware of the debt. But she could also see Mrs C had tried to let Barclays know about her situation. So she thought Barclays should remove the default from Mrs C's credit file.

Mrs C doesn't feel Barclays has responded fairly. And she wants longer to get her finances in order. So she's asked for an ombudsman's final 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.

I can understand how difficult this must've been for Mrs C. She was going through a difficult divorce. And she was waiting for the court's decision before the joint account could be sorted out. So I've looked how Barclays has responded to Mrs C.

I'd expect Barclays to respond positively and sympathetically when it became aware of Mrs C's situation. Mrs C told Barclays about the dispute over the joint account in January 2016. And the bank stopped any further debits being taken from the account. But overdraft fees were still applied in line with the terms and conditions.

During 2016 and 2017 Barclays wrote to Mrs C to explain that the account needed further funds so the overdraft facility could stay in operation. That didn't happen. So Barclays sent Mrs C notice it would be closing the account in December 2017. Barclays froze the balance and stopped adding any further charges. And it asked for immediate repayment of the outstanding balance. That's within the terms and conditions of the account. Overdrafts are payable on demand. So I can't say Barclays has done anything wrong by closing the account - or transferring the debt to a recovery agent.

Mrs C said she didn't receive all of the letters, including the default notice. But she was in touch with Barclays during the period. And she did know the debt was outstanding. But I think it's likely she didn't receive all of the letters Barclays sent her. And she did tell Barclays about the difficulties she was going through.

Mrs C is concerned the debt will affect her credit rating. And I understand it will be difficult for her to resolve the matter until outcome of the court case is known. But I can see the court date has been postponed on a number of occasions. And Barclays has extended the date it requires full settlement from Mrs C.

Barclays has tried to give Mrs C more time to settle the debt. And it's tried to allow for the outcome of the court case. But I can't ask it extend the position forever. Barclays has agreed to remove the default notice from Mrs C's credit file if it receives full settlement by 30 June. And I think that's a fair outcome. I won't be asking Barclays to do anything more.

my final decision

My final decision is that Barclays Bank Plc should remove the default from Mrs C's credit file if it receives full settlement of the outstanding balance on her account by 30 June 2018.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 12 July 2018.

Andrew Mason
ombudsman