

complaint

Miss M complains about the charges Barclays Bank UK PLC (Barclaycard) applied to her credit card account when she fell into financial difficulty. She also complains that Barclaycard did not offer her sufficient support and registered a default which she feels was unfair.

background

The adjudicator's background summary covered all the relevant facts and is known to both Miss M and Barclaycard so I won't repeat it in any great detail. Therefore, if I've not mentioned something it's not because I've ignored it, but because I don't think it's relevant to the issues. However in summary it is this;

In the second half of 2017 Miss M missed a number of payments to her credit card. Barclaycard rang her in December 2017 and she advised them that she was receiving maternity pay until March 2018 and then more broadly of her financial difficulties at that time. Barclaycard responded by refunding interest of £75, late payment fees of £24 and over limit fees of £24. They also froze interest for 30 days and advised her to seek help from the debt charity Step Change, which she agreed to do. Miss M called Barclaycard in January 2018 and discussed her position again. On this occasion the advisor discussed her options with her and said she could take details of Miss M's income and expenditure at that point or Miss M could re-contact Step Change with a view to allowing them to complete their advice and process. Miss M elected the latter and the advisor placed the account on hold for a further 30 days.

Barclaycard issued a default notice on the 20 April 2018 as by that time 7 payments had been missed. Subsequently the default was registered with the credit reference agencies (CRAs).

Miss M complained as she felt Barclaycard had not done enough to help her and felt they ought to have offered her a payment plan in January. Further that they had issued the default notice when they knew she was still receiving maternity pay. Barclaycard responded to apologise for the inconvenience caused and paid £50 to Miss M's credit card account by way of compensation. They also refunded all interest and charges applied since the December refunds were made, in addition confirming that no further interest and charges were being applied after her account had been transferred to their recoveries dept. However because the last payment Barclaycard received from Miss M was on the 4 September 2017 they felt the Default had been correctly registered with the CRAs.

Miss M is also unhappy that throughout her complaint and dealings with Barclaycard, their debt collections agents have written to her and called her which she feels is unfair. She feels that such action ought to have been suspended.

Miss M was unhappy with Barclaycard's response and so the adjudicator looked into the complaint but didn't think Barclaycard had acted unfairly. As Miss M didn't agree, the complaint has been passed to me for a 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. The role of the Financial Ombudsman Service is to resolve individual complaints and to award redress where it is appropriate so to

do. What I need to decide is whether Barclaycard acted fairly and reasonably in its dealings with Miss M. I take into account both Barclaycard's view and that of Miss M. The purpose of my decision isn't to address every single point raised. So, my aim is to reach a fair and reasonable decision based on the facts of the case.

Where the evidence is incomplete, inconclusive or contradictory, I am bound to reach a decision on the balance of probabilities – in other words, I consider what is more likely to have happened in the light of that evidence and the wider circumstances of the case.

When a bank knows their customer is in financial difficulties they are obliged to treat that customer sympathetically and fairly. The Lending Code sets out some things banks can do when a customer is in financial difficulty and that includes suspending charges on the account. But they don't have to do that - what they have to do is deal positively and sympathetically with customers once they know they are in financial difficulty, and they can do a range of things, depending on the customer's circumstances.

Looking at the available evidence, I think we have an unfortunate situation here. Miss M made Barclaycard aware of her financial difficulties in December 2017. They immediately responded positively and sympathetically by removing charges and interest and allowing her some breathing space. They also directed her to Step Change and froze interest for 30 days. That was effectively repeated a month later. All of that was good practice and very reasonable.

I appreciate the Miss M now feels that Barclaycard could have offered her a payment plan in January 2018 or even the month before. I've listened to both calls Miss M had with Barclaycard and it is clear that she was keen to explore her options with Step Change. I've also considered what the position would have been had she entered into a payment plan with Barclaycard instead of approaching Step Change. It seems to me to be more likely than not that the Default would have been registered anyway, because as a fact Miss M made no payments at all to her account leading up to the Default. That also indicates to me that it is more likely than not that Miss M would not have made payments under any payment plan, since quite clearly she could not afford to make any payments at all.

But Barclaycard did not register the Default until April, which is after the date Miss M notified them that her maternity pay period would end. And she indicated that her pay would return to normal around March. So I can't say Barclaycard acted unfairly, because they waited until April before taking action, and only did so in the absence of any positive response from Miss M. And the reporting of the Default was in my view appropriate since it accurately reflected the true position, which is something Barclaycard are required to do.

I have considered the issue of the collection agents calling and writing to Miss M, and as far as I can see they only did so after Barclaycard had issued the final response letter. That is justified in my view since the balance Barclaycard were chasing was legitimately due, and had been clearly notified to Miss M. I cannot see that there is any good reason as to why Barclaycard ought not to have continued with recovery action at that time. Barclaycard had refunded all the interest and charges applied and were thus pursuing the original debt. Miss M, as far as I can tell, only remained disputing whether the default ought to have been applied.

I know Miss M will be disappointed with my decision but I have come to the same conclusion as the adjudicator and for similar reasons. So I can't say Barclaycard have acted unfairly and I'm not upholding this complaint.

my final decision

For the reasons set out above I do not uphold the complaint against Barclaycard.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 27 February 2020.

Jonathan Willis
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