

## **complaint**

Mr E complains Barclays Bank Plc recorded default information on his credit file about his personal and business accounts. He thinks it gave him vague information and didn't advise him properly about his business debts.

## **background**

Mr E told us Barclays dealt with his personal and business banking accounts. He'd paid off his business loan – and he thinks Barclays wrongly advised him to do so. Mr E's business later hit financial difficulty and a £10,000 business overdraft was terminated.

Mr E says he changed his address and told the personal banking section of Barclays. He says a default notice was sent to his old address. But when he contacted the debt management company, he agreed to pay £6,000 in full and final settlement of the debts. He thought this payment would clear the business and personal accounts – it wasn't clear to him that it didn't - so he didn't enter a payment plan for his personal account. But he later discovered the payment only settled the business debt. And his personal account went into arrears because no payments were made on it.

Barclays then started chasing him about the whole debt. This caused mental health problems for Mr E because he didn't think he owed anything. And he feels he wasn't given a chance to settle the personal account. He's concerned that Barclays took so long to resolve his complaint. And he'd like his credit file to be amended.

Barclays told us it terminated the business overdraft in 2012 and issued a termination notice. It then demanded immediate payment.

In February 2013, Barclays said it had correspondence returned and assumed Mr E had left his address. So without contact from Mr E, it terminated the personal account in August 2013. And the termination notice was sent to the last known address. This account was closed in September. And a default notice was registered against his name.

At about the same time, it sent a letter to Mr E in March 2013 agreeing £6,000 in full and final settlement of his business account. The letter was sent to his new address and it said it was clear it only referred to the business account. A default notice was also registered for this debt.

Barclays couldn't investigate whether it gave wrong advice to Mr E about his business loan because it had no details or record of the conversation.

Barclays accepted it had taken too long to resolve the dispute and it offered to pay Mr E £125 for the inconvenience this caused.

Our adjudicator thought the complaint shouldn't be upheld. She said Barclays made it clear enough the payment in full and final settlement only related to the business debt. And so the payment he made didn't cover the personal lending. She also thought the £125 compensation Barclays paid for the delay in dealing with the complaint was fair.

## **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 that, I've decided not to uphold Mr E's complaint. I know this will be a disappointing result for him. So I'll explain why.

Firstly, I looked at what Mr E said about the advice Barclays gave him about his business loan. Barclays told us it couldn't find any evidence or notes of this conversation. And it said his relationship manager no longer worked at Barclays, so it couldn't get from her any notes of the advice she may have given. Mr E said he also didn't have any records to prove the advice which he says was wrong.

This means I don't have any evidence to decide this part of Mr E's complaint, so I'm afraid I can't make any finding for Mr E on this issue.

I then looked at whether Barclays made it clear the agreed settlement only covered the business debt. I saw the letter Barclays sent to Mr E in March 2013. And it specifically refers to the business debt only. It also instructs Mr E to make his payments into the business account – and it gives the sort code and account number – and there shouldn't have been any confusion about what this letter was saying. So I think it was clear Mr E's agreement to pay £6,000 was only covering his business debt.

As Mr E defaulted on the original business debt, I think Barclays was entitled to register the default on Mr E's credit file. It would then be a true record of what happened to Mr E's debt. So I don't think Barclays has done anything wrong here or needs to amend the credit file.

On looking at Mr E's personal account, it does look as though there was some confusion about his change of address. I accept Mr E told Barclays he'd moved. And Barclays said it wasn't told about the new address until he raised his complaint in 2014. But this can't be right because it sent the letter in March 2013 (about his business debt) to his new address.

But apart from that, Mr E accepts he didn't pay anything towards his personal account because he thought it had been settled by the £6,000 payment. It's clear it wasn't settled and Mr E defaulted on the account. So I don't think Barclays was wrong to register the default on his credit file. Mr E said he wanted the chance to make a deal with Barclays before a default was entered. But I think he could've done this at any time because he would've been aware this debt was still outstanding.

Mr E added he would've asked his family to help him pay the debt. But he might not have been able to rely on this at some unknown point in the future. So I don't think Mr E was in a strong financial position to pay off this debt.

So I think there are still debts owed. And in normal circumstances I'd expect Barclays to pursue them. But I've also considered Mr E's circumstances – specifically, his mental health problems and that it seems unlikely he'd be in a strong position to pay off the debt immediately – I also considered industry guidance regarding vulnerable consumers.

The guidance expressly refers to treating consumers fairly, particularly when dealing with consumers with mental health problems. But the fact that a consumer has mental health

problems doesn't mean a debt should simply be written off. And Barclays should respond to Mr E's circumstances positively and sympathetically.

From what I've seen in this case, I don't think Mr E told Barclays he was vulnerable at the time of his financial difficulty. So I don't think it's fair to criticise Barclays for not doing something different. I think Mr E now has the chance to tell Barclays about his mental health and to agree a payment plan for any outstanding debts. And Barclays will have to deal with his requests positively and sympathetically.

Barclays accepted it hadn't dealt with the complaint as quickly as it could've done. It agreed to pay £125 to Mr E for his inconvenience. And I think this is a fair amount to pay for the delay. So taking everything into account, I don't think Barclays has to amend Mr E's credit file.

### **my final decision**

My final decision is that I do not uphold this complaint and I make no award against Barclays Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 4 January 2016.

Amrit Mangra  
**ombudsman**