

complaint

Mr R complains that Barclays Bank Plc has not treated him fairly in that it has registered a default on his credit file for a credit card account which he did not realise had been transferred to Barclays. He says Barclays did not tell him of its acquisition of his account and has not made reasonable efforts to get in contact with him. He would like the bank to write off the debt and remove the adverse listing on his credit file.

background

Mr R had a credit card account with Egg. He changed his internet service provider but did not update his email address with Egg, so was not aware that his account had been acquired by Barclaycard, as he did not receive the emails telling him of this change. Several years later, he received a statement in the post from Barclaycard advising him that there was a £3,000 debt on the card. It appears that Barclays had been taking the minimum monthly payment from his account but a debt remained. Mr R cancelled the direct debit and Barclays issued a default on the card.

Mr R considers that Barclays did not take reasonable steps to tell him about the debt, especially as he holds a Barclays account. He says the bank has instructed debt collections agencies which have been harassing him and that he would have cleared the debt if he had known about it. He would like Barclays to write off the debt and remove the default listing from his credit file.

Our adjudicator did not recommend that the complaint should be upheld. She considered that the reason Mr R was not aware of the status of the debt was because he had not updated his email address with Egg when he changed providers, as he is expected to do. She considered that Barclays was entitled to continue taking money to pay towards the account under the direct debit, and that when Mr R cancelled the direct debit, but did not make alternative arrangements to keep the account within its limits, Barclays was entitled to issue a default.

Mr R does not agree, saying that Barclays should have tried harder to contact him when its emailed statements were returned, rather than continuing to help itself to the direct debits.

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 appreciate that Mr R was upset and dismayed to discover he had a debt with Barclays arising out of his old Egg account, and that this resulted in a default being recorded on his credit file. But I'm afraid I can't find that Barclays has made an error here which would mean I could require it to lift the default notice.

Mr R would have received Egg statements and then Barclaycard statements to the email address he had listed for the account. It's his responsibility to ensure the bank had the right contact details for him and while I understand an oversight meant he did not update his details with Egg, I can't say that it's Barclays' fault that it had the wrong address for him. In addition, it's Mr R's responsibility to keep track of his accounts and manage any debts that he might have, not Barclays' responsibility to send him reminders about it.

While the minimum monthly repayments towards the debt were being met, it wasn't the bank's responsibility to take action regarding the account, as it was being kept within its limits. When Mr R cancelled the direct debit and clawed back the repayments, this put the account outside its limits, and Barclays was entitled to take steps to require him to clear the arrears.

Mr R's debt on the account was legitimately owed by him, so I wouldn't expect the bank to write it off. He has received some of the money back as a refund and while I realise he considers that the debt is largely comprised of interest, this was applied in line with the terms and conditions of the account, so I can't find that Barclays has acted unreasonably in charging it.

Because I consider that the default was correctly applied to the account, it follows that I consider Barclays acted reasonably in listing it on Mr R's credit file. Lenders are expected to ensure that a borrower's credit file accurately reflects how the account has been managed so I can't ask Barclays to remove the listing.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 18 July 2016.

Catherine Wolthuizen
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