

complaint

Mr C is unhappy with the service Barclays Bank UK PLC, trading as Barclaycard, has given him in relation to his credit card account. He wants Barclays to compensate him for this.

background

The evidence in this case is detailed, running to several hundred pages of documents, all of which I've read and considered. I'm very aware that my decision summarises this complaint only briefly and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the crux of the matter here: how has Mr C been affected by the actions of Barclays?

Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome.

I won't repeat all the events which led Mr C to complain. There are various reasons for this. First of all, the adjudicator detailed the events leading up to this complaint in his letter dated 24 April 2019. All the parties have received and read this letter, so everyone is aware of the background. Also, our decisions are published. So it's important that I don't include any information which might identify Mr C. Due to these reasons, I will refer only briefly to what's happened, rather than providing an exact timeline of the events which Mr C has complained about.

Briefly, Barclays' records show Mr C opened this credit card account in 2012. Over the years that followed, as well as using his card for everyday purchases, Mr C he began using his card to make cash transactions. It seems the majority of these transactions were used to place bets on gambling websites. The frequency of these cash transactions rose steadily. In January 2017 Barclays reduced Mr C's credit limit, seemingly because of the high level of cash transactions.

Later that same year, Mr C began contacting Barclays about the amount of interest he was paying on his account. The bank agreed several times to freeze the interest. In November 2018, Mr C told Barclays about his gambling. He said he wanted his card to be blocked from being able to be used for gambling. Barclays arranged to remove the cash limit from Mr C's account. This meant he wouldn't be able to use his card to make cash transactions.

But Barclays also explained that if Mr C wanted to be able to use his account for other, everyday purchases, the bank couldn't stop him using his card for gambling if the relevant merchant processed the transaction as non-cash.

Mr C then complained to Barclays. He said the bank should have told him earlier that it could remove the cash limit on his account to help stop him gambling. Barclays apologised that it didn't do this sooner. It paid £50 to Mr C's account as a gesture of goodwill. The bank also refunded the cash interest he'd been charged over the previous 12 months from January 2018. This totalled £823.46.

Mr C wasn't satisfied with this, so he brought his complaint to us. In summary, he wanted Barclays to: suspend the interest on his account; refund the cash advance fees he'd been charged; for any refund to be over a longer period than the one year that he'd already

received; and, for Barclays to accept that customers who use a large proportion of their credit limit on gambling are at a high risk of being problem gamblers who should be treated accordingly.

One of our adjudicators looked into Mr C's complaint. He thought Barclays could have done more when it identified the high level of cash transactions on Mr C's account. The adjudicator said Barclays should also refund the cash interest on the account from January 2017 in addition to refund it had already made for the following year.

At first, Barclays didn't accept the adjudicator's view. But after further discussions, it agreed to refund the cash interest from January 2017 as well as the amount it had already refunded. Barclays also offered to put the balance of Mr C's account onto an interest rate of 6.9% and let him pay off the balance monthly. This would mean the account would be closed and Mr C would no longer be able to use it.

Mr C didn't accept this offer. Again in brief, he said he'd asked for this to be done many months ago, but was told this wasn't possible. Mr C told us that between 2016 and 2019 he'd paid over £36,000 to Barclays. He asked for compensation of between 25% and 35% of this amount. Barclays refused.

As the parties haven't been able to agree a resolution, this 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. Having done so, I won't be asking Barclays to do, or pay, more than it's already offered. I'll explain why.

My starting point is to think about when Barclays ought reasonably to have realised Mr C was having problems. The bank has told us that it didn't know there was a problem on the account until Mr C told them about his gambling in November 2018. On the other hand, our adjudicator felt Barclays could have looked further into Mr C's account in January 2017 when it noticed the high level of cash transactions.

This is now something of a moot point as Barclays has already offered to refund the interest on these cash transactions from that earlier date, and I'm satisfied that, from the available evidence, Barclays wouldn't, and reasonably shouldn't, have been aware Mr C had a gambling problem before this. I say this for several reasons.

I would point out that at the time Mr C was making these cash transactions, there weren't any regulations against using credit cards for gambling. Also, I have to bear in mind that Mr C did have the use of this money. He was able to spend it however he wanted on any legitimate reason.

Inevitably, Mr C would also have had a number of winning bets from these transactions. I don't think the bank wasn't in a position to assume that just because Mr C was using his account for gambling, this meant he had a gambling problem.

Also, I can see Mr C spoke to Barclays on various different occasions after January 2017. I've listened to the call recordings that are available from this period. Having done so, I don't

think Barclays ought reasonably to have realised Mr C was having difficulties before this. It wasn't until November 2018 that he first mentioned gambling to the bank.

As above, in January 2017, Barclays did identify that Mr C was making a large number of cash transactions. It reduced his credit limit at this time. If the bank had looked into the issue further at this stage, it's possible that Mr C might have told Barclays that he had gambling issues. But then again, he might not.

When he was asked in March 2018 if he was having financial problems, Mr C made no mention of gambling. Then in October 2018, he asked if he could talk to the team who deal with customers who are having trouble making payments. Barclays asked Mr C if it could put a note on his account about his financial situation. He said he wasn't happy for this to happen.

Overall, I don't think it's certain that Mr C, if asked, would have told the bank he had a gambling problem any earlier than he actually did. In any event, as I've already said, this is a moot point as Barclays has now already offered to refund the cash interest on his account from January 2017.

I know Mr C has said that he took out other types of credit to reduce the balance on his Barclaycard. He said Barclays told him to do this. But there's nothing in the available evidence, including the calls I've listened to, that shows this was the case.

Mr C has also questioned why Barclays thought he was asking for his interest to be frozen if he wasn't in financial difficulty. But after listening to his calls with Barclays, such as the call in March 2018, he said he could make his monthly payment and he would only start to struggle if the interest took him over his credit limit, leading to further charges.

I can also see from Mr C's statements that he was frequently paying more than the minimum payment that was due on his account each month. Barclays has a responsibility to treat customers positively and sympathetically when they're in financial difficulties. But there also has to be some input from such customers.

When Mr C told Barclays about his gambling problem, it offered a solution. When he complained about why this solution wasn't offered earlier, the bank refunded the cash interest he'd been charged since January 2018 and paid him £50 as an apology.

When Mr C spoke to the bank's Specialist Support team in December 2018, it discussed putting him on a repayment plan to help him. But it seems Mr C opted not to go onto this plan as he could still afford his minimum monthly payment. Barclays gave him the contact details for this team should he change his mind.

Taking all this into consideration, I'm satisfied that Barclays did treat Mr C positively and sympathetically when discussing his financial situation. I would remind the bank this is an ongoing obligation. I'm also satisfied that Barclays' further offer to refund cash interest from January 2017, and move Mr C's account onto a much lower interest rate, is fair and reasonable.

I know Mr C says this offer isn't beneficial or helpful to him. He says that in the long run, his credit score would improve quicker if he was able to unfreeze his credit card in the future and continue to use it.

But Barclays has told us Mr C's credit file won't be affected as long as he's making his monthly payments. I would also point out that the terms and conditions for Mr C's account allow Barclays to close it at any time by simply giving him the appropriate notice. It's under no obligation at all to keep his account open.

For completeness, I can see that Mr C is very keen for Barclays to change its systems around identifying vulnerable consumers, including those who are problem gamblers. Also, in response to our adjudicator's original view, he told us that while we'd upheld his complaint, there was no real punishment against Barclays.

I would explain here that we aren't a regulator. We have no power to punish or fine a bank. Nor is it within our remit to tell Barclays what systems it should have, or order it to change any of its existing systems. These are internal matters for the bank. What we can do is look at if Mr C has been treated unfairly because of those systems – and if he has, what Barclays should do to put matters right. That's what I've done.

In summary, in the situation here, I'm satisfied that Barclays' offer to refund the cash interest from January 2017 (in addition to the cash interest it's already refunded from January 2018), close Mr C's account and, put the balance onto a rate of 6.9% until its paid off, is fair and reasonable.

my final decision

My final decision is that Barclays Bank UK PLC, trading as Barclaycard, should do the following to Mr C's credit card account:

- refund the cash interest charged from January 2017 to December 2017 inclusive to his account;
- close the account so that Mr C can no longer use his credit card; and
- reduce the interest rate on the outstanding balance to 6.9% until it's been paid off.

This decision marks the end of our consideration of this complaint. This means we'll be unable to enter into any further discussion about its merits.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 22 May 2020.

John Miles
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