

## **complaint**

Mr C complains about how Barclays Bank Plc dealt with the debt on his credit card account.

## **background**

Mr C said that he used to have a credit card account with Barclays, but the account had defaulted in 2016. Mr C said that he thought that the default should've been applied to this card account much earlier. He also said that there now seemed to be two defaults for this card on his credit file.

Mr C also said that he'd successfully claimed PPI refunds from Barclays. These refunds far outweighed the amount he owed on this card. So he thought that it was unfair that he had ended up with a default on his credit record for this card, when the debt was just because of PPI payments.

Barclays said that it would move the date of Mr C's default from June 2016 back to July 2015. Barclays paid Mr C £45 to make up for what had gone wrong with the default date. Barclays said that it had sold Mr C's debt, and when this happens, the debt collection company would also show this account on his credit record as defaulted. It said that was standard practice.

Then Barclays wrote to Mr C to say that it had told the debt collection company that now owns Mr C's debt about this, and Barclays had received confirmation that the date had also been amended on that company's records. But Barclays said that the default on Mr C's account wasn't related to PPI overpayments. The default was registered on his account because no payments were received to his account for several months.

Our investigator didn't uphold this complaint. He said that the refund for PPI on this card wouldn't have covered Mr C's debt. And he couldn't say whether the PPI that Mr C had received other refunds for would've had any effect on his ability to pay this debt at the time.

Our investigator said that minimum payments onto the account were being made until around early 2014, so he thought that it wasn't unfair for Barclays not to default the account before this date. He said that overall he felt that the default date that Barclays had now used was fair, because it was in line with Barclays's policy not to move an account to collections until seven consecutive payments had been missed.

Our investigator said that Barclays had explained that when a defaulted debt is sold, that default will appear twice on someone's credit file.

Our investigator said that he could appreciate that it must be frustrating for Mr C to have received more back in PPI refunds than he had owed, but he said that he didn't think that Barclays had acted unfairly, considering what was happening at the time.

Mr C repeated that Barclays had paid him back much more than he had owed it on this card. He said that Barclays had made two PPI repayments for overpayments and miscalculation. Both of those added together would outweigh the original debt.

Because Mr C didn't agree with our investigator, the case was 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. I've reached the same conclusion that our investigator did on this complaint, and for broadly the same reasons.

I can see the history of Mr C's contact with Barclays, and it had discussed this debt with Mr C numerous times before it actually defaulted. So I don't think that it was unreasonable for Barclays to record a default on this account when its payment arrangement with Mr C failed.

Mr C says that it doesn't seem fair that he should have a default on his credit record, when he's received PPI refunds from Barclays which far exceeded the amount of this debt. But the notes I have from Barclays indicate that two of the three amounts that Mr C has mentioned were refunded in 2012, which was well before this card defaulted. So that money would presumably have been available to pay this debt, if Mr C had been in a position to do that.

The only other PPI refund payment Mr C received wasn't enough by itself to cover this debt. For those reasons, I can't conclude that this default happened as a result of PPI payments made by Mr C, which were subsequently refunded. And that means that I don't think that Barclays has to remove this default now.

Barclays has told us that it has moved this default to July 2015, because it says that's when Mr C had missed seven consecutive payments. I would normally expect a default to be registered by the time that a customer was this far in arrears.

Our investigator noted that Mr C started having trouble missing his minimum payments from 2014. In fact, he seems to have had intermittent problems on this card going back at least as far as 2010. But I can see that he did manage to clear the arrears on his account. He set up a direct debit to pay this account in early 2014, and that seems to have helped somewhat. Most of his payments were made on time after this direct debit was set up, and when a payment was missed, the resulting arrears were cleared the next month. But in January 2015 Mr C started having difficulties again. There don't seem to have been any payments on his account during 2015.

As Mr C had faced difficulties with payments before, but had always managed to clear his arrears, I think it would have been reasonable at that time for Barclays to wait until July 2015 before it defaulted Mr C's account. I know that's not what Barclays actually did at the time, but it's put that mistake right, and made sure that this is when the default shows on Mr C's credit file now. It also paid Mr C £45 at that time for his complaint about this. I think that those were reasonable steps for Barclays to have taken. I've considered the history of Mr C's account carefully, and I don't think it has to show the default as made any earlier than this.

Mr C has also said that this default shows up twice on his credit record. That's what I'd expect when a debt has been sold to a debt collection company. I don't think that Barclays has made a mistake about that.

In summary, I think that the only mistake that Barclays has made in this case is about the default date. And I think that it's already done enough to put that right. So, although I know that Mr C will be disappointed, I don't think this complaint should be upheld.

**my final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 24 October 2018.

Esther Absalom-Gough  
**ombudsman**