

complaint

Miss B says the default date Barclays Bank PLC (trading as Barclaycard) registered on her account is wrong, and must be amended.

background

Barclaycard sent Miss B a default notice in March 2008. She didn't comply with the terms of the notice and understood her account had therefore defaulted. At this time the bank also removed her limit, cancelled her card and passed the account to a debt collection agency.

However, Barclaycard hadn't defaulted the account and didn't do so until February 2014. The bank says this is the correct registration date. After the default notice Miss B made ad-hoc payments reducing the arrears on her account. So it didn't default her account then. It has no record of Miss B getting in touch to discuss the situation, despite its efforts to contact her. And she maintained her account satisfactorily from 2010 to 2012, suggesting she wasn't having long-term financial difficulties.

Our adjudicator recommended the complaint should be upheld. She said:

- Miss B didn't satisfy the default notice so the account should've defaulted in line with the letter. And there were several other letters Miss B didn't comply with.
- Miss B hadn't, as the bank argued, managed her account well from 2010-2012. More than half the time payments were either missed or cheques bounced. And she was significantly over her credit limit.
- The steps Barclaycard took in 2008 were indicative of a defaulted account – removing the line of credit on the card, cancelling it and referring the debt to a debt collections agency.

In summary, she understood why Miss B thought she was making payments to a defaulted, closed account and she said the bank should've registered the default in 2008.

The bank disagreed. It asked what documentary evidence Miss B had to think her account had defaulted in 2008, and said she could've asked to have her credit limit reviewed later. It said, given the timings, changing the default date would effectively remove all adverse date from her record and this would be misleading.

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've reached the same conclusion as our adjudicator and for the same reasons.

I agree that the bank should've defaulted the account in 2008 when Miss B breached the terms of the default notice. If it wasn't going to, it should've made Miss B aware of this proactively – I haven't seen any evidence it did this. Whereas the actions it took (limit removal, card cancellation, use of debt collections agency) only reinforced the 'fact' the account had defaulted.

Barclaycard argues amending the default registration date is contrary to its reporting obligations. But had the account defaulted in, say, 2012 the adverse data would appear on Miss B's account for a further two years. And remain visible to other lenders. So, as it's only the time elapsed that means the default will effectively drop off at the same time it's registered, I disagree with the bank.

I've considered the bank's comments that Miss B didn't contact it to discuss her account, but balancing this against how the bank managed her account versus what we'd expect, this doesn't change my conclusion.

my final decision

My decision is that I uphold this complaint. Barclays Bank PLC (trading as Barclaycard) must change the registration date of the default to April 2008.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 11 April 2016.

Rebecca Connelley
ombudsman