

complaint

Mr S complains that Barclays Bank Plc didn't administer his loan and credit card account properly. As a result his credit card account was defaulted and passed to a debt collector.

background

Mr S took out a loan in 2008. He repaid the balance of his credit card account at about the same time. Mr S says he didn't use his credit card after this and disputes that he has a debt to pay. Mr S says he made regular payments to Barclays to repay his debts.

The investigator didn't recommend that the complaint should be upheld. He said it was likely the credit card debt was repaid with the loan proceeds in 2008. But Mr S continued to use the credit card and this wasn't repaid. While Mr S thought the credit card had been changed into a loan, this wasn't possible. As Mr S hadn't paid the credit card debt, Barclays hadn't made an error in applying charges and a default.

Mr S didn't agree, saying he didn't use the card after he took out the loan. He said the amounts applied to the card account were interest.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr S took out a loan in 2008. The loan says the funds will be used to repay an existing loan. Mr S says this loan had replaced his credit card debt.

Barclays provided statements for Mr S's credit card. This shows the balance of the account was about £4,700 shortly before the loan was taken out. The balance was paid in full when the loan was taken out. So it seems likely that part of the loan proceeds – either directly or via another loan account – were used to repay the credit card debt.

The credit card statements show payments from the account after this. Later in 2008 there is a payment to a mortgage account of nearly £1,000. In 2009 there are payments to retailers and cash withdrawals. At the end of 2009, when Mr S's card expired, there was an unpaid balance of about £2,600. Charges and interest were applied until Barclays closed the account in 2012. While there were some payments to the account this didn't repay the balance. Barclays provided copies of letters it sent to Mr S in 2009 and later about his use of the credit card, missed payments and the unpaid debt.

While Mr S made regular payments to Barclays, I think these were the loan repayments. The loan has been repaid.

The credit card account was paid in full in 2008. But the evidence shows the account was used after this. Barclays sent statements, letters and notices to Mr S about the credit card account. And Mr S made some payments, including for short time by direct debit, to the credit card account. These were in addition to the payments to his loan account. I think

Barclays made Mr S aware that the debt was owed. I haven't seen evidence that the debt was repaid.

In the circumstances, I think it's reasonable for Barclays to take steps to recover the debt.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 26 March 2018.

Ruth Stevenson
ombudsman