

complaint

Miss B complains that Barclays Bank Plc unfairly registered a default against her name.

background

Miss B owed money on a loan account with Barclays. She fell behind with payments in 2008 and Barclays sent her notices of termination and default.

Miss B then made arrangements to repay her debt through a not-for-profit debt advice agency. She kept up payments under her arrangement, only stopping them towards the end of 2010 because she believed the debt had been entirely repaid.

In 2014, Barclays agreed the default should have fallen off Miss B's credit file as more than six years had elapsed since the notice of default in 2008. It apologised to Miss B that this had not happened, confirmed the debt was repaid and paid her £100 compensation.

Miss B later discovered that the default had not been registered by Barclays until 2011. Barclays then told her that there had been a small remaining balance of £119.98 when she stopped payments, which it wrote off in 2012 and amended the credit file to show the debt as satisfied.

Barclays said that a further default notice had been sent to Miss B in January 2011, and the default then registered in February 2011 – which meant that it must remain on Miss B's credit file until 2017.

As things were not settled, Miss B brought her complaint to this service where an adjudicator investigated it. From the evidence, the adjudicator considered that Barclays should have registered the default in 2008, in which case it would by now have fallen off Miss B's credit file.

The adjudicator recommended that Barclays should remove the default information from Miss B's credit file – but did not recommend any further compensation, given that the small balance had been written off and some compensation already paid.

Miss B agreed with the adjudicator's proposals, but Barclays did not. It said that the reason it did not register the default in 2008 was that Miss B started making payments, so to act on the notice of default would have been unfair.

The case was passed to me for review and a final decision. From my review of the papers, I arrived at the same conclusions as the adjudicator in terms of redress, but for different reasons.

Those reasons (which I set out in my findings) were explained to Barclays and to Miss B, and they were given a chance to respond with any final points they wanted me to consider before I made my final decision.

Miss B said she did not have anything further to add. Barclays did not provide any substantive response.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The debt in this case arose out of a loan account. Miss B was not meeting contractual repayments in 2008, and so I am satisfied that Barclays was entitled to register the default then, having already given notice of default.

That said, I do not consider that Barclays was under a duty to Miss B to register the default in 2008. It seems to have initially delayed registering the default, and then decided not to do so at all – in the light of the repayment plan that Miss B subsequently put in place via the debt agency.

From the statements, I can see Miss B then applied herself to the payment plan and there were only a few hitches. Overall, I am satisfied that Miss B was focused on repaying the debt in full.

Miss B stopped making payments when she believed the debt had been fully repaid. Unfortunately, that was not the case and it seems that there may have been some miscalculation on her part. But I am satisfied that it was not Miss B's intention to leave any remaining part of the debt unpaid.

Barclays says it sent a second notice of default to Miss B in January 2011, before registering the default in February 2011. But it seems to me more likely than not that this did not reach Miss B, given her change of address.

In the light of the effort Miss B had made to keep to her repayment plan over the previous several years, and given that there was just a small amount remaining unpaid, I find it difficult to accept that it was fair for Barclays to register the default in 2011 without first making a reasonable effort to contact Miss B.

That would not have been difficult – it knew that Miss B could quickly be contacted through the debt agency from which it had been receiving the regular payments. Yet it did not make any attempt to do so. This seems to be in stark contrast with the position it took in 2008, when the debt was far larger and there had not been regular repayments.

I consider that, if Barclays had taken reasonable steps to contact Miss B at that point, she would have realised her mistake and would have paid off the small balance to complete repayment of her debt. In that case, Barclays would not have registered the default in 2011.

It follows that I find the fair and reasonable outcome to be that Barclays removes the default from Miss B's credit reference file. This takes account of the fact that Barclays later wrote off the small balance and also paid Miss B £100.

my final decision

My final decision is that Barclays Bank Plc must remove the disputed default from Miss B's credit reference file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 3 May 2016.

Jane Hingston
ombudsman