

complaint

Ms S complains about how she was treated by Barclays Bank UK PLC (trading as Barclaycard) over her Barclaycard debt.

background

Ms S took out a Barclaycard credit card and fell into arrears.

She contacted this service and told our investigator that she had multiple complaints against Barclaycard.

She said that her debt had been outstanding since 2009 and because it was so old, it should be written off.

She also said that Barclaycard had taken too long to pay her PPI claim. Having declined the claim for years, she said, it was only when she involved a claims management company, that they paid the compensation. She said this wasn't her principal complaint, but she wanted to bring this to our attention.

Her final complaint was, that she says, Barclaycard hadn't registered a default with a credit reference agency until 2015, and this impacted her ability to obtain credit. She felt that the debt should be statute barred as six years had passed between the debt being incurred and it being registered.

Ms S also told our investigator of her multiple health issues and she said that she had told Barclaycard in multiple phone calls of the problems she was having with her personal circumstances and her health. She also said that she had sent them a doctor's letter supporting her claim.

Barclaycard said Ms S fell into debt in 2007 and entered into payment plans with them. In January 2013, Barclaycard reduced the rate of interest on the account on condition the agreed monthly payments were made.

In July 2013 Ms S made a successful PPI claim, and Barclaycard sent her a cheque with a cover letter saying, *'this refund will not be reflected on your Barclaycard account statement.'*

Ms S continued with her repayment plan until March 2014, when the payments stopped, so Barclaycard applied the original rate of interest to the account.

In 2014, Ms S told Barclaycard that she was experiencing financial difficulties and she wished that that the debt had been deducted from the PPI compensation.

She explained that she was unemployed, had been rejected for an IVA, was no longer dealing with a debt management company and was generally struggling to make ends meet.

Barclaycard's notes do not show any further contact with Ms S until almost three years later, when Barclaycard informed Ms S by letter, that the debt was being sold to a third party.

Ms S complained to Barclaycard twice. In her first telephone complaint, she said that they had refused to allow her to use her PPI compensation to clear the debt and as the default on her account was registered too late, it affected her credit rating. She also said that her debt

had been sold and Barclaycard hadn't asked her about her health and personal issues. She told them that she was living on a small pension and unhappy with the balance remaining on her account, which she said should be written off.

In her second call, she complained about the balance outstanding on her account. She said that she hadn't received any statements and mentioned her physical and mental health issues and the fact that she hadn't been able to obtain an overdraft because of the late registration. She said it had taken Barclaycard over 5 years to pay her PPI compensation. She complained that Barclaycard were trying to keep her debt active.

Barclaycard wrote two final response letters, one in February 2018 and one in July 2018.

In the first final response letter, they didn't uphold her complaint because they said that they hadn't breached any rules or guidelines in managing the account. They said that they had a legal obligation to report the default to credit reference agencies, but as the account originally went into a repayment plan in 2011, they would remove the Barclaycard entry on her file. They also said that they didn't have any information on their records about her health issues.

In their second final response letter, they said that they didn't uphold her complaint in relation to the interest and fees, but they did uphold her overall complaint about the level of service that she had received and paid her £40 compensation by cheque. They also apologised, as her second complaint should not have been opened as a new complaint and should have been logged on their system as part of the original complaint. They said that as no payment was received from Ms S after April 2014, the debt was passed to their recoveries department later that year and then the default registered in accordance with their obligations.

They said they had removed the default on her account and arranged for the third party to delete the default from her credit file too, but the balance was still owed to the third party, who now owned the account.

Ms S was unhappy with the response from Barclaycard and complained to this service.

Our investigator didn't uphold the complaint. She said Barclaycard didn't have to write off the debt just because it was old, and she thought Barclaycard hadn't acted unreasonably in registering the default with the credit reference agency and selling it to the third party.

Our investigator said as the PPI claim was dealt with in 2013, she didn't think it was necessary to consider it further.

Ms S's health issues were of concern to our investigator. She said it was understandable why Ms S didn't contact Barclaycard because of her poor health, but if she had discussed the debt with them sooner, Barclaycard could have carried out a review.

Ms S didn't agree with our investigator's findings, she said that although her complaint wasn't about the PPI compensation, Barclaycard took too long to pay her, and her recollection is that they paid a lesser amount than they say they did. She said they wouldn't let her pay the debt from the compensation because they told her it was different department that dealt with this. She also complained that she didn't receive a compensation payment of £40 from the third party who had purchased the debt from Barclaycard.

As Ms S was unhappy with the outcome the matter has come to me.

Since our investigator's view was sent to the parties, Barclaycard made the FCA aware that following an internal review, from October 2013, some customers did not receive the standard of service they should have whilst in arrears and because Ms S's account was identified as being one of these, they said they have asked the third party to reduce the debt by £98.22 and they have awarded the sum of £75 compensation to be paid directly to her upon receipt of a completed response form.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint and having done so I am not upholding this complaint, and I will explain why.

I can see that Barclaycard made regular notes on the account until 2015, after which contact with Ms S stopped and I can see that Barclaycard tried to accommodate Ms S with a payment plan at a reduced rate of interest, but Ms S was unable to continue making those payments.

As there were no payment proposals forthcoming from Ms S, it isn't reasonable or fair to say that Barclaycard shouldn't have sold the debt and that they should have written it off instead just because it was more than six years old. I know Ms S will be disappointed because she has said that the debt is old and should be written off, but there is no obligation on a lender to write off a debt in these circumstances, especially as Barclaycard's notes show that they were writing to her.

Ms S said that she didn't receive any statements, but Barclaycard have provided our investigator with copies of the statements which have Ms S's correct address, and as there is no evidence of Ms S having disputed the amount owed in the past, I can only find that Ms S has accepted that debt amount is the correct amount.

Ms S said that her complaint wasn't principally about her PPI claim, but she mentioned more than once to our investigator that Barclaycard took a long time to pay her claim. I can understand Ms S's frustration. In 2013, she received compensation, which she says is much less than Barclaycard sent her. As I haven't received any evidence that Barclays paid the wrong amount, I don't think Barclays have done anything wrong.

In their second final response letter Barclaycard have apologised to Ms S for the level of service she has received and sent her a cheque in the sum of £40 for the distress and inconvenience caused to her. I think this is the £40 that Ms S is referring to when she says she hasn't received any money from the third party, so I don't think there are any further sums due to her.

Ms S said that she found it difficult to obtain credit because Barclaycard should have registered the default with a credit reference agency much earlier, but according to Barclaycard, no payments were received from April 2014, so the account was passed to the recoveries team in November 2014 and a default was registered. I don't think Barclaycard acted unfairly when they issued the default notice in 2014.

In their most recent correspondence, Barclaycard have admitted that they may not have supported Ms S as they should have. Ms S's view is that this is an admission by Barclaycard

that they acted unfairly towards her, but I think they identified her account as being one of many that didn't receive appropriate support and they have paid some compensation and reduced some of her debt. I don't think it would be fair to ask them to write off the whole debt because their review was carried out from October 2013, and at this time, her debt had been outstanding for a long time, so I think the compensation and reduction of the debt they have paid is fair in the circumstances.

I know that Ms S says she had multiple health and personal problems and she says she tried to reach agreement with Barclaycard. Barclaycard's contact notes don't show that any records of Ms S getting in touch with them about the debt, for any reason. The only contact seems to be Barclaycard sending letters to Ms S.

This is not to say Ms S didn't have health issues, but as I haven't been provided with evidence of the contact, she says she made or the doctor's letter Ms S said she sent to Barclaycard, I don't think Barclaycard acted unfairly.

my final decision

For all the reasons above, I do not uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 3 April 2020.

Sejal Karia
Ombudsman