

complaint

Mrs G's unhappy with the way she's been treated by Barclays Bank Plc (Barclaycard).

background

Mrs G had two credit cards with Barclaycard – one is now closed and the other is still in use, although its credit limit has been reduced.

Mrs G says Barclaycard agreed to give her breathing space for up to 10 months whilst she was out of the country, caring for a sick relative. Upon returning home, she realised Barclaycard had stopped her cards as she'd fallen behind with her repayments. Barclaycard closed one card down altogether, but allowed her to continue using the other card, after she made a £50 payment towards the outstanding balance.

Mrs G says Barclaycard reduced the limit of this card unfairly, leaving her with money problems. She's also unhappy with how she's been treated by Barclaycard and says it's not been supportive.

Barclaycard says Mrs G stopped making payments and so it closed one card and suspended the other. It sympathised with Mrs G and recognised she'd been through a tough time following a family bereavement. And so it paid her £50 as a gesture of goodwill, but maintained it was the right decision to reduce Mrs G's credit limit, as she was experiencing money problems.

It also highlighted it'd suspended interest on Mrs G's card for two months, allowing her extra time to find the money to repay the outstanding balances, without adding to her financial worries.

Our investigator thought Barclaycard had treated Mrs G fairly. She said there was no record of the conversation where Mrs G says she was told it'd allow 10 months breathing space (or a break from repayments). She also thought Barclaycard had responded to Mrs G's situation positively and sympathetically by suppressing interest for two months.

Mrs G disagreed. In summary, she said:

- She's been a long-standing customer of Barclaycard for many years and feels let down by the way its treated her.
- Barclaycard has left her in financial ruin as it waited until she paid back large sums of money before reducing her limit.

And so it's for me to make 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 can understand why Mrs G is feeling frustrated with Barclaycard's decision to reduce her credit limit, especially at a time where she feels she needs it the most. But I don't think it's treated her unfairly by doing this, and I'd like to explain why.

Mrs G's been a customer of Barclaycard for many years and in this time, she'd used her cards in the usual way you'd expect. But around September 2016, Mrs G needed to leave the country for a number of months. I know Mrs G says she spoke to Barclaycard at the time, because she was worried about meeting her repayments, but there's simply no record of this meeting having ever taken place.

Mrs G says that during this meeting, it was agreed she could have breathing space for up to 10 months, where she wouldn't have to worry about making repayments. But without any evidence of this, I don't think it'd be fair to ask Barclaycard to do this.

I'm also not entirely persuaded by this either because even after Mrs G left the UK (which was around the same time) she continued to make repayments for the next nine months. And on balance, I think the reason Mrs G did this because she knew she was contractually obligated to continue to make a monthly repayment. Also, I note Mrs G continued to make purchases with the card, whilst she was away. And so I think she thought it reasonable to continue to meet her repayments – which is what she did.

Upon Mrs G's return to the UK and in August this year, she was left with only one of her Barclaycards to use. Mrs G had accumulated fairly high balances on each of her cards and she'd missed a number of repayments at this point. But Mrs G began keeping in regular contact with Barclaycard and made an agreement to pay what she owed. Barclaycard understood she owed a large amount of money and so suppressed interest on both cards, for a month at first, to help ease her financial pressure.

Mrs G got back in touch with Barclaycard in September as she'd still not made any repayments and it agreed to do the same again. Mrs G was still having problems sorting her finances at this time and so I think it was particularly good of Barclaycard to do this. I think this shows it was trying to respond in a positive and sympathetic way to Mrs G, which is what I'd expect it to do in the circumstances.

Mrs G began making large sum repayments in October this year, clearing her outstanding balance completely on the closed card and making a significant reduction on the other. But two days after she did this, Barclaycard decided to reduce her credit limit, leaving her without any available funds on the card.

This where I sympathise with Mrs G because she was relying on being able to still access those funds through her credit card. And like our investigator has already said, the decision to reduce a customer's credit limit is a commercial one, or in other words, a decision for the lender to make and not one we can get involved in.

But I think it's worth highlighting Barclaycard has a responsibility to lend responsibly. And given Mrs G was also unemployed at the time, I don't think this would've been the right thing for it to do, as it would've continued to add to her money problems.

I've looked at how Barclaycard went about telling Mrs G it'd reduced her limit and I don't see any issue here either. Barclaycard wrote to Mrs G, letting her know it was doing this as it had reviewed how she was using the card. Barclaycard also said it considered other factors from the credit reference agencies and that it could see she was having difficulty managing the total amount she was borrowing. And so it took the decision to reduce her limit to avoid any further problems down the line, which I think was a reasonable thing to do.

I should highlight it wanted to reduce Mrs G's limit further, but she'd made a number of purchases in the interim and so rather than go ahead with the planned reduction, it allowed for these purchases to go through before reducing the available funds to nil.

I think this was also the right thing to do as if it'd continued with the planned reduction, Barclaycard would've put Mrs G over her limit, which would've had a further negative effect on her creditworthiness as well as attracted a number of additional fees and charges.

Mrs G's suggested Barclaycard knew it'd treated her badly, which is why it'd paid her £50 compensation. But having reviewed the way things were handled, I'm not persuaded this was the case. Barclaycard has said it paid this to Mrs G as a gesture of goodwill. It mentioned Mrs G had been through a tough time in her personal life of late, and felt it was the right thing to do. And so I don't agree this was in any way an admission of poor conduct, but rather a way to sympathise with Mrs G and the difficult set of personal circumstances surrounding her at the time.

my final decision

I don't think Barclaycard has done anything wrong.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 22 January 2018.

Scott Slade
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