

complaint

Mrs and Mr W complain that Barclays Bank Plc delayed setting up a Resolve loan and about its handling of matters.

background

Mrs and Mr W originally agreed with Barclays to take out a Resolve loan to consolidate their existing debt with the bank. But it was not set up straight away due to the bank misplacing some paperwork. As a result Mrs and Mr W had to agree a new Resolve loan with the bank. But the loan amount offered by the bank was reduced by the amount they had received in the meantime for a PPI refund.

Mrs and Mr W are unhappy about this and consider the bank should grant them the original loan for the amount originally agreed. They also complain about the bank's delays and that Barclays has continued to pursue them for their outstanding debt.

Barclays agreed that it had caused delays and distress and inconvenience. It offered to pay Mrs and Mr W £400 compensation for the trouble and upset caused. It also offered to set up a new Resolve loan for their outstanding debt of £14,573.57. It explained that the Resolve loan cannot be given for an amount that is more than the outstanding debt owing at the time. That is why it cannot now give Mrs and Mr W a Resolve loan for the same higher amount it originally agreed as the amount owing at that time had been reduced by the amount of the PPI refund received.

Our adjudicator considered that Barclays had made errors. But she considered its offer to set up a Resolve loan to reflect Mrs and Mr W's current outstanding debt was reasonable and the compensation offered was fair. She could not ask it to agree a Resolve loan for more than was owed. Overall, she did not consider Barclays should be required to do more. As Mrs and Mr W were experiencing financial difficulties it would not be responsible of Barclays to lend them additional money. It is also important that they now submit details of their income and expenditure so the bank can assess the affordability of the loan. Barclays had also confirmed that collections activity had been suspended pending the outcome of this complaint. Barclays was entitled to use the PPI refund to reduce the amount outstanding.

Mrs and Mr W do not agree. In summary they say that the Resolve loan was agreed before the PPI refund was made. It is the bank that has delayed matters and it has not honoured the original agreement as it should have. Its errors have worsened their position, affected their credit ratings and they have been pursued for the debt to be repaid. They do not want to go through the income and expenditure process again. But they cannot agree the new loan until they know its terms. They want the loan on the same terms and for the amount originally agreed.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Mrs and Mr W have provided detailed submissions to support their complaint, which I have read and considered individually in their entirety. But my findings are expressed in considerably less detail and focus on what I consider to be the central issues.

Having considered matters, I agree with the conclusions reached by our adjudicator for broadly the reasons given.

It is clear that Barclays should have handled matters better. It accepts it caused delays, distress and inconvenience. So, the question for me to consider is whether its offer to set up a new Resolve loan for the current debt owing and to pay a total of £400 compensation is fair.

I recognise Mrs and Mr W's strength of feeling and frustration. But the simple facts are that a Resolve loan is a way for an existing amount of debt with the bank to be consolidated and Barclays cannot agree a Resolve loan for more than the amount that is owed by the customers when the loan is taken out.

Notwithstanding that the original Resolve loan was delayed by Barclays I do not consider I can reasonably require it now to offer a Resolve loan to Mrs and Mr W in the same terms and amount as the original loan offer. But I can require it to offer one for the amount of the current outstanding debt.

In any event, even if the original Resolve loan had been put into effect promptly I consider it is more likely than not that Barclays would have set the PPI refund money against the debt owing as it was entitled to do. This would have effectively reduced the amount owing on the original Resolve loan to the sum that is presently outstanding and as is being offered in the new Resolve loan. In other words Mrs and Mr W's current liability is effectively the same and unchanged.

I therefore consider that Barclays' offer to provide a new Resolve loan for the sum currently outstanding is fair and reasonable. It is appropriate for Barclays to assess the affordability of the loan and as such I would urge Mrs and Mr W to co-operate with it by providing income and expenditure information if required to do so, not least so that the bank can confirm to them the exact terms of the new Resolve loan on offer.

Mrs and Mr W have clearly been caused significant distress, inconvenience and upset by the bank. Barclays has offered to pay them a total of £400 compensation for this. This comprised £100 for its delay in issuing a detailed response and £300 for the upset and inconvenience caused by its delays. But I am not persuaded that is enough.

Mrs and Mr W have clearly experienced significant upset and inconvenience as a result of Barclays' delay and handling of matters. I recognise that Barclays is not obliged to suspend collection activity while a complaint is dealt with. But I consider that in the particular circumstances of this case and given Barclays' delays in dealing with the original Resolve loan offer it would have been reasonable for it to have agreed to suspend collection activity much more readily and earlier than it eventually has done. Continuing collection activity by the bank through its debt collectors has clearly caused Mr and particularly Mrs W additional upset.

Taking into account all of the circumstances and the level of awards we make I consider that a payment of a total sum of compensation of £475 is fair and reasonable.

In the course of this complaint Mrs and Mr W have also raised new issues about the bank's handling of their business account and about the bank and/or its debt collectors recording adverse information on their credit files. But I cannot deal with these issues in this current

complaint. If they wish to pursue these matters Mrs and Mr W should raise them in the first instance directly with Barclays and/or its debt collectors.

Overall, I see no compelling reason to change the proposed outcome in this case.

my final decision

My final decision is that I partly uphold this complaint and I order Barclays Bank Plc:

1. To pay Mrs and Mr W the total sum of £475 compensation; and
2. If Mrs and Mr W wish it to do so on the terms offered, to set up the Resolve loan to consolidate all their current outstanding debt with the bank.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs and Mr W to accept or reject my decision before 2 March 2015.

Stephen Cooper
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