

The complaint

Mr D complains that Barclays Bank UK PLC, trading as Barclaycard, was unable to find his credit card account when he tried to make a payment, and that this resulted in his account being defaulted.

What happened

Mr D had a credit card account with Barclaycard. He fell into financial difficulties, and on 21 February 2022 he phoned Barclaycard to say that his minimum payment for that month would be late. Barclaycard's call handler gave him a 14 day grace period. But 13 days later, on 6 March, Barclaycard sent his account to collections. Barclaycard has accepted that this was an error, and it has refunded the interest and fees which Mr D had been charged as a result.

On 28 March, Mr D phoned Barclaycard again to make a payment. But because his account was in collections, and neither Mr D nor the call handler knew that, the call handler was unable to find his account and take the payment. The call handler gave Mr D the phone number for the Financial Assistance Team, but was otherwise unable to help him. Barclaycard accepted that this should not have happened, and it has since offered Mr D £175 as compensation for that error.

Mr D complained about these matters, and in June Barclaycard wrote to him to offer him the refunds and some of the compensation I have described above. It was in this letter that it first told him that his account was in collections, although in the meantime it had been sending him arrears letters. Mr D says that because of what had happened on 28 March, he had lost confidence in Barclaycard, and for that reason he had not made a payment to his account in the usual way; instead, in April and May he had sent Barclaycard two cheques. But Barclaycard said it had never received a cheque from Mr D. In July Barclaycard defaulted his account.

Mr D complained about that, first to Barclaycard and then to our service. In August, Barclaycard increased its offer of compensation to £175, for the errors it had previously accepted making, but it did not agree that it had been wrong to default the account. It told our investigator that it had written to Mr D several times to tell him he was in arrears and how to pay them.

Our investigator did not uphold this complaint. She thought that £175 was fair compensation for the errors the bank had admitted to. She said that the bank had given Mr D enough opportunities to pay his arrears before defaulting him. But Mr D had never phoned the Financial Assistance Team, he did not appear to have sent a cheque, and also cheques had not been one of the various methods which Barclaycard's letters had listed as ways he could use to pay. The bank had given him proper notice of its intention to default the account, and of how he could avoid that, but he had still not paid. So she concluded that the default had been applied correctly.

Mr D did not accept that opinion. He said the cheques were a vital part of his defence, as if Barclaycard had accepted them then these payments would have prevented the default. He

asked for an ombudsman to review his case.

What I've decided – and why

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

Having done so, I do not uphold it. I will explain why.

Since Mr D says the cheques are very important, I will deal with those first. Assuming that the cheques were indeed sent, the first one was sent in mid-April, when the payment due was £81.99. After that, Barclaycard sent him a letter on 3 May saying that he had missed his last three payments, and the payment due was now £120.40. So that put him on notice that the cheque had not been received, or (if received) had not been paid, and that he still had to make a payment. The letter went on to say that if he kept missing payments, the bank would send him a default notice, and would subsequently go on to default his account.

That letter also set out, under the heading "Ways to make a payment," a number of payment methods which Barclaycard would accept. These were: by telephone banking, by a mobile phone banking app, by debit card (over the phone), by setting up a direct debit or standing order, or by making a payment in a local Barclays branch. Cheques were not mentioned, but there were five alternatives, including methods which would not require speaking to someone on the phone.

On 2 June Barclaycard sent Mr D a default notice, saying that he had to pay £160.51 by 3 July or else his account would be defaulted. So that letter informed Mr D that the cheque he had sent in May had not been received or not been paid, and that he still needed to make a payment.

On 13 June, in response to Mr D's complaint, Barclaycard sent him a letter telling him (among other things) that his account was in collections. This letter included a phone number on which he could call the collections department and make a payment.

All of these letters were correctly addressed.

No payment was received, and so the account was defaulted in July, after the notice period in the default notice had expired. Therefore I'm satisfied that the default was properly applied, and that the errors made in March did not cause this to happen.

I'm also satisfied that £175 and an apology are fair compensation for what went wrong in March 2022.

My final decision

So my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 3 October 2023.

Richard Wood
Ombudsman