

The complaint

Miss C complains about Barclays Bank UK PLC trading as Barclaycard (“Barclaycard”) haven’t acted correctly when her credit card account was in persistent debt.

What happened

In December 2020 Miss C reached the point of being in Persistent Debt (“PD”) for 18 months. Barclaycard wrote to her on 2 December 2020 with notification of this. In addition to her monthly statements, they also sent her a monthly email reminder with a suggested “on track” increased monthly payment to help her to get out of persistent debt. On 14 June 2022, after receiving an email relating to 36 months PD, Miss C phoned Barclaycard and requested a paydown plan. She was unhappy with its response so complained. Miss C made a number of ‘phone calls on the 21, 24 June and 1 July 2022 to chase a response Barclaycard sent two final responses. The first, on 15 July 2022, I’ll call FRL1. In that they didn’t uphold her complaint about the PD paydown process but did about the general service she’d received. It confirmed she was at 36 months PD and had been wrongly advised when calling that she wasn’t. It was simply the case that she had to wait to receive a formal paydown offer as these were issued in batches. Due to having to wait for this Barclaycard refunded the £153.19 interest charged on the July 2022 statement and made arrangements so that no interest was charged on her August 2022 statement. Barclaycard apologised for the inconvenience caused by the poor service and credited her account with £75 as a goodwill gesture.

After hearing nothing further Miss C spoke to Barclaycard on 21 October 2022. It sent her FRL2 on 25 October 2022. It told her it gave incorrect information about the status of her account in FRL1. It also said although her account reached the 36 months in June 2022 the email sent on 14 June 2002 was correct in letting her know the account was no longer in PD. And, as this was before the large payment Miss C made on 24 June 2022, so that hadn’t been part of the PD assessment. It apologised for earlier telling her paydown offer letter would be sent when this wasn’t the case and understood this misinformation had left her feeling Barclaycard hadn’t followed the PD process correctly. Barclaycard accepted the service she’d received when contacting it about this had fallen below the level it would expect. They credited her account with a further £75 compensation and refunded £126.04 interest on the account and suspended interest on this and another account for a month as a gesture of goodwill

Our investigator didn’t uphold the complaint. She thought Barclaycard had already identified the errors made here, apologised and compensated Miss C in line with what she would have recommended. She said based on Barclaycards assessment the account was no longer in PD. So, she had no grounds to tell it to offer Miss C a paydown plan. So, she didn’t think Barclaycard needed to do anymore in relation to this complaint.

Miss C didn’t agree. She thought our investigator hadn’t looked at the evidence. Nor had she or applied rational logic findings or the FCA guidelines. Her main points of disagreement were

- The stance Barclaycard now took was it’s third version of events and the information it had given us was about the wrong credit card account entirely.
- The refund of interest payments she received in statements of 1 December 2020, 4

January and 4 May 2021 shouldn't have been counted as payments towards her balance as they were compensation for her so they shouldn't have altered her persistent debt situation.

- The suggestion she could ring Barclaycard to discuss matters if unhappy. She couldn't do this as she is deaf. And she was unhappy at the tone and assumptions made about her financial situation when inviting such contact.

She remained of the view there is no doubt that her account is in persistent debt and she was entitled to a PD paydown plan.

I asked Barclaycard for more information about the how the information they'd sent us – statements, system notes and a PD calculation table – aligned with the information they'd sent to us when submitting the case file.

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.

It's clear that Miss C has strong feelings about this complaint. She's used equally strong language when responding to what she considered to be failings by our investigator. I appreciate she thinks they haven't critically looked at the evidence here and what we've been sent relates to a different account. I want to assure her I've looked at everything afresh before reaching an independent view. My findings focus on what I consider to be the central issues, and that approach isn't meant to be discourteous but rather to reflect the informal nature of this service.

Overall, I'm not persuaded this is a complaint I can fairly and reasonably uphold. I think Barclaycard have followed the correct process and acted in line with regulatory guidance. And I think the £150 it's credited for the communication issues it had with Miss C during the complaint process is fair in the circumstances. I'll explain why in more detail.

The central issue is whether, in June 2022, Miss C reached the point of 36 months PD. She thinks she had and that Barclaycard didn't act in line with the obligations placed on them by FCA rules on persistent debt. There's also a further point about the incorrect information Miss C's been given during this process. I'll deal with each point in turn.

the question of 36 months plus persistent debt

I've considered the FCA guidelines Miss C thinks Barclaycard have breached. It's the FCA's package of rules and guidance entitled 'Credit cards: persistent debt' – set out in CONC 6.7.27R to CONC 6.7.40G which came into force in March 2018. As part of this package of rules and guidance the FCA defined PD as where a customer, over a period of 18 months, pays more in interest, fees and charges than they have repaid of the principal balance on their card. the purpose of these rules was to ensure consumers (especially those in financial difficulty) pay less in interest overall and lower their overall indebtedness. As a result, businesses were required to assess whether a customer falls within this definition at least once a month. The rules also say where persistent debt continues to apply, they should write to the consumer at 18, 27 and 36 months.

Everyone agrees Miss C was at 18 months PD when the letter on 2 December 2020 was sent. Barclaycard say by 36 months, June 2022, Miss C's credit card account was no longer be PD as some adjustments it made to this account meant it exited PD, despite her not paying the tailored amounts. It said the statements dated 01 December 2020 and 04 January 2021 show refunded £404.72 and £202.87 interest charges. And further interest refunds totalling £607.89 appear on statement dated 04 May 2021. It said these refunds, along with Miss C being on an increased minimum payment calculation meant that when her account reached month 36, she was no longer classed as being in PD.

I've looked very carefully at all the statements the bank has sent me for Miss C's account, along with the table setting out their persistent debt calculation. The table data begins at December 2020 when Miss C was at 18 months PD. I reviewed the relevant statements and it seems to me Miss C just paid the MMP rather than any increased tailored amount as suggested each month in her PD email. But I am satisfied that, prior to Miss C's account reaching the 36 months stage, she reached a period of 18 months in which more was paid towards the principal of the debt than she had paid in interest, fees and charges. So, her account was no longer classed as being in persistent debt.

I acknowledge Miss C's comments about the multiple credits to her account from Barclaycard between December 2020 and May 2021 but there's nothing to support that this was paid as compensation. Barclaycard refunded interest due to a change of stance on charging interest during Covid payment holidays. I can see nothing in the rules about what does or doesn't constitute a payment to the account. And whether refunds or credits received are excluded. It seems to me that *all* payments received will be taken into account making the calculation required to be by the FCA to determine if an account is in PD. Based on the information I've seen, Barclays have done that.

Businesses such as Barclaycard are required to take a pragmatic approach that takes into account the possibility of an account making inroads into paying off the underlying debt. The guidelines are not entirely prescriptive, and businesses are expected to exercise a degree of judgement based on an individual account.

I think that's particularly relevant here as on 24 June 2022, Miss C made a significant payment to the account. Even if I accept she's right in thinking she'd reached the point of 36 months persistent debt at 14 June 2022 - which I don't - and Barclaycard were wrong with their calculations, once she'd paid the lump sum a short time later, on 24 June 2022, it is my view that she certainly wasn't covered by the PD rules. The purpose of these rules was to ensure consumers (especially those in financial difficulty) pay less in interest overall and lower their overall indebtedness. Customers can't dip in and out of these PD milestones. So, again, even if Miss C had been in PD at this point in June 2022 - which for reasons I've given I'm not persuaded she was - the making of that lump sum payment then removes her from the position of PD - namely that she's paid more off her balance than in interest and charges - so she effectively restarts the bank monitoring her to see if she meets the definition of PD in another 18 months' time.

So, whichever way I look at this, I think Barclaycard has acted reasonably in reviewing this account and applying the guidance.

the information Barclaycard gave to Miss C

Although their initial contact on 14 June 2022 was to correctly tell Miss C she wasn't classed as being in PD, in short, since then, Barclaycard have been unhelpfully unclear with the information they have given Miss C. Both in telling Miss C she was in PD and then being unclear and inconsistent on their reasons for not taking action and eventually in FRL2 clarifying she wasn't in PD. But Barclaycard accept this and have apologised. It's paid a total of £150 as credit to the account as compensation. In addition to the interest credits mentioned above up to May 2022 they've given further refunds and waived some interest from July 2022 onwards. That's in line with the sort of recompense I'd have recommended had it not already been offered.

I appreciate the suggestion to make a telephone call is an unworkable one for a customer with hearing loss. The system notes and screenshots Barclaycard have sent record both incoming and outgoing calls between Miss C and itself during this complaint where this issue hasn't appeared or been noted on the system. So, whilst understanding the frustration with the suggestion of making a call, I can't see that Barclaycard were made aware of this issue or that it prevented calls being made or received in the recent past. If she hasn't already

done so, I would suggest Miss C asks Barclaycard to note her customer records with this information so future contact can be tailored to meet her needs.

So, although I fully understand Miss C's frustrations here I think Barclaycard have already responded reasonably to this failing. So, I'm not going to ask them to do anything further. I understand my decision isn't the one Miss C wanted but I hope I've been able to explain clearly my reasons for coming to this decision.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 20 February 2024.

Annabel O'Sullivan
Ombudsman