

The complaint

Miss C complains that Barclays Bank UK PLC trading as Barclaycard defaulted her credit card account.

What happened

Miss C took out a credit card account with Barclaycard in August 2021. In April 2022, Miss C started to pay less than the minimum amount due. Miss C cleared the arrears on the account in August 2022. But after this, began paying less than the minimum due again, and sometimes missing payments.

Arrears built up on the account, and as a result, Barclaycard defaulted the account in February 2023.

Miss C says she didn't receive any communication from Barclaycard about the default before it happened – importantly she says she didn't receive a notice of default. She says that if she had got this, then she would have paid the outstanding balance in full prior to the default having been issued.

Miss C says that when she contacted Barclaycard on 6 March 2023, she was told not to pay off the balance. And she was waiting for someone at Barclaycard to contact her. She says she then received a text message from a third-party debt purchaser stating that they were the new owners of the debt – she doesn't think it was fair of Barclaycard to sell the debt, especially given that she told Barclaycard she wanted to pay it off in full.

As a resolution to the complaint, Miss C would like Barclaycard to remove the default from her credit file.

Barclaycard responded to Miss C's complaint and upheld it in part. It offered her £25, because it didn't log her complaint when she called it on 6 March 2023. However, it maintained that the default was being reported correctly. Unhappy with this response, Miss C referred her complaint to this service.

An Investigator considered what both parties had said, but they didn't think Barclaycard needed to do anything more for Miss C. The Investigator noted that Barclaycard hadn't been able to provide us with an actual copy of the default notice, but they thought they'd seen enough evidence to satisfy themselves that it was sent to Miss C.

Miss C didn't agree. She felt that the fact Barclaycard couldn't provide a copy of the default notice supports what she said about her not having received it. And she also explained the potential impact of the default on her.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

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 taken everything into account, I'm sorry to disappoint Miss C, but I won't be upholding her complaint.

I've looked at the payment history on Miss C's account in the months leading up to the default. I can see that payments were sporadic, and when they were made, it was for less than the minimum amount due, and so arrears built up on the account.

The Information Commissioner's Office (ICO) provides guidance about when an account should default, which this service generally finds to be a fair approach. The ICO says an account should default when it is between three to six months in arrears. When Miss C's account defaulted on 24 February 2023, her account was in arrears by four months. I'm satisfied that Barclaycard defaulted the account in line with guidance provided by the ICO, and I find that it has acted fairly and reasonably here.

The crux of the matter stems from Miss C saying she didn't receive the default notice. And so, she wasn't provided with sufficient notice to repay the arrears before the account defaulted.

It is disappointing that Barclaycard hasn't been able to provide a copy of the default notice it says it sent to Miss C. But I don't necessarily think this means that it didn't send one. I can see from its internal system notes that a notice of default was sent to Miss C on 7 January 2023, and so, on balance, I think this is more likely to be the case. Miss C has confirmed that she had received some of Barclaycard's other letters, which satisfies me that the correspondence was being sent the correct address. Barclaycard has also provided evidence of the address it holds for Miss C on its systems which also appears to be correct. It isn't clear why Miss C didn't receive the default notice, but I'm persuaded Barclaycard did what it needed to do by sending it.

Given that Miss C didn't receive the notice of default, I've thought about whether it was reasonable of Miss C to have known that arrears were building up on the account. I have seen evidence from Barclaycard that it had tried to contact Miss C by post, phone and SMS to discuss the debt. I have seen copies of letters sent to Miss C in November and December 2022 – these both explain that the account is in arrears. The letters also state that if the arrears aren't cleared, the account could default. Based on everything I've seen, I think Miss C was aware her account was in arrears, and she ought to have been aware that the account could default if she didn't clear the arrears.

Overall, I find that Barclaycard has fairly defaulted the account, and I won't be asking it to remove the default from her credit file.

I am sorry to have read Miss C's comments about the impact the default will have on her. However, Barclaycard have a responsibility to record accurate information with the credit reference agencies about how someone has managed their account – which I think it has done.

I have also thought about what Miss C has said about having repaid the account in full after receiving notification of the default. But this doesn't change my view on this case. Miss C was aware, or at least should have been aware that her account was in arrears from November 2022, so she could have cleared the arrears earlier than she did, which would have prevented the default.

I can see Barclaycard sold the debt to a third-party after it defaulted the account. This is fairly normal once an account has defaulted. The terms and conditions of the account also allow Barclaycard to transfer ownership of the debt. So, I don't find that it did anything wrong in doing this.

I note Miss C has also said that she experienced some poor service from Barclaycard during a phone call – where it wouldn't take payment from her, and it didn't log her complaint. I can see Barclaycard has already agreed to pay Miss C £25 for not logging the complaint earlier. I think this payment fairly reflects the inconvenience caused to Miss C in relation to these customer service issues, so I won't ask it to pay her anymore.

My final decision

For the reasons set out above, I don't uphold Miss C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 4 December 2023.

Sophie Wilkinson
Ombudsman