

## **The complaint**

Mr and Mrs T complain that Barclays Bank UK PLC started action for possession instead of agreeing a repayment plan for their mortgage arrears.

## **What happened**

Mr and Mrs T's mortgage has been in arrears for some time. Mr T contacted Barclays in June 2019 to agree a repayment plan. Barclays said because of the number of repayment plans broken previously, a new plan required approval from a specialist panel.

Mr T told Barclays his business was doing better and receiving monthly income of about £7,500. He was planning on making overpayments from a tax rebate and he could take a big dividend from his business. Barclays asked for bank statements for the business and information from his accountant about the tax rebate, to support the referral to its specialist panel.

Barclays says Mr T didn't provide the required information, and the information he did provide didn't support what he'd said about his income and expenditure. Barclays said Mr and Mrs T hadn't consistently made monthly overpayments, suggesting the plan wasn't affordable. Barclays says eight previous plans were broken due to late or non-payment. It didn't think Mr and Mrs T could clear the arrears within a reasonable time frame. It didn't refer their request for a repayment plan to the specialist panel.

Barclays re-started legal proceedings. Mr and Mrs T brought a complaint to us. Mr T said they've reduced the arrears since 2018 by making monthly overpayments and will continue to reduce them over the next year. He says it's unfair for Barclays to refuse to agree a repayment plan in these circumstances.

As I didn't agree with the outcome recommended by our investigator, I sent a provisional decision to the parties to explain what I thought about the complaint and why I didn't intend to uphold it. Neither party responded with further comments or evidence. Having considered this again, I see no reason to change the outcome or reasoning from those set out in my provisional decision – and which are substantially the same as below.

## **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.

Mr and Mrs T's mortgage account is in arrears. It's not in dispute that their arrears are of long standing and previous plans had been broken. It's important to note this, as it provides background for the complaint. But rather than set out everything that's happened, I'm going to focus on what's at the heart of this complaint – whether it was fair for Barclays to decline Mr and Mrs T's request for a repayment plan and start recovery action.

Mr and Mrs T's account was in arrears of about £18,000 in mid-2019, when they asked to agree a repayment plan. Mr and Mrs T had reduced their arrears from about £25,000. Mr T

said his business was in better shape and he could continue to make overpayments to reduce the arrears. Barclays asked Mr T for evidence to support what he'd said.

Barclays didn't receive this evidence. It says the bank statements Mr T provided didn't show the level of income he'd told Barclays – and because he didn't provide the statements in full Barclays couldn't see the source of the income. Mr T didn't provide evidence to support what he'd said about the availability of dividends and a tax refund.

Before agreeing a repayment plan, Barclays needs to check it's affordable and sustainable. I think it's reasonable in the circumstances for it to ask Mr T to provide evidence to support what he says about the income he expects to receive, from his business or any other source. I don't think Barclays needed to tell Mr T he hadn't provided this evidence. This was evidence to support what Mr T had said about his own business – something I'd expect Mr T to be well placed to provide. I think Mr T would have known what he'd provided and whether this supported what he'd said about his business and his ability to maintain higher monthly payments.

I think it was reasonable for Barclays not to refer Mr T's request for a repayment plan to its panel. It seems unlikely it would have been approved, based on the information Barclays had received.

Mr T says he wants Barclays to agree a repayment plan, as his circumstances have improved dramatically and he can afford overpayments of £500 each month. Mr and Mrs T have certainly made efforts to reduce their arrears. However, there remain arrears of about £13,000 and Barclays says no overpayments have been received since February 2020.

In the circumstances, I don't think it would be reasonable or fair to require Barclays to offer a repayment plan to Mr and Mrs T. It hasn't received the information and evidence it needs to assess whether the plan is affordable for them and likely to be sustained.

I don't think it was unreasonable for Barclays to start recovery action when the mortgage was in arrears of long standing, repayment plans had been broken and there wasn't a repayment plan in place.

Barclays put recovery action on hold when Mr and Mrs T brought their complaint to us. Due to the Covid-19 pandemic and related Government restrictions, the regulator issued guidelines. Its current guidelines say that lenders can't take or resume possession action until November 2020. This gives Mr and Mrs T some breathing space, to provide the information Barclays needs to assess a repayment plan. If Mr and Mrs T have evidence that they can afford and sustain overpayments to clear their arrears, they should provide this to Barclays. I'd expect Barclays to treat Mr and Mrs T fairly, when assessing their proposals.

### **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 Mrs T and Mr T to accept or reject my decision before 30 October 2020.

Ruth Stevenson  
**Ombudsman**