

The complaint

Mr and Mrs C complain that Barclays Bank UK PLC (Barclays) stopped collecting payments towards their mortgage accounts for several months. They say this means their mortgage balances have gone up, which is affecting their credit score, and they've been unfairly charged extra interest.

What happened

In 2020 Mr and Mrs C arranged a payment holiday for three out of their four mortgage accounts. The payment holiday was agreed as part of Barclays support to customers during the COVID-19 pandemic. Mr and Mrs C paid their fourth account as normal.

Mr and Mrs C's payments on the three accounts re-started successfully in October. But from November 2020 to February 2021 no payments were collected. Mr and Mrs C started contacting Barclays about this in December, but were frustrated by how long it took to get Barclays to respond and sort things out. They complained but remained unhappy about the bank's response, which they say didn't answer all of their questions, nor did it give them enough information to be confident they haven't been affected financially long term. They also don't think it's fair that Barclays can ask them to make up four months' worth of payments, as that might not be possible all in one go.

Mr and Mrs C say the £100 offered by Barclays to make up for the mistakes doesn't reflect the distress they continue to suffer because of the way Barclays has handled their accounts.

When we were asked to review the complaint, our investigator noted that Barclays had acknowledged it had made mistakes. He thought more compensation was warranted – £500 in total. And he thought that Barclays shouldn't charge any additional interest for the four months of missing payments. He said that Mr and Mrs C should pay the missing monthly payments – but as that was likely to be a substantial amount, Barclays would need to come to an arrangement on paying this in instalments if that was what Mr and Mrs C wanted.

Barclays accepted our investigator's view. Mr and Mrs C didn't. They say Barclays hasn't sent them account statements – and until it does and they've checked the calculations they won't accept that things have been corrected properly. They say Barclays final response letter – and our investigator – have only looked at three of the four accounts. And they've pointed out that despite Barclays writing to them in April 2021 and saying it would collect one amount from their bank account, it then collected a higher amount. Finally they say that the detrimental effect all of this has had on their credit records and the time and effort it's taken to sort things out warrants a higher amount of compensation.

I've been asked to decide this complaint.

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.

Barclays has acknowledged that it made errors on three out of four of Mr and Mrs C's mortgage accounts, and that it gave them an incorrect total to be collected from their bank account in April 2021. It said the failure to collect payments between November 2020 and February 2021 was a systems error. It said the incorrect amount quoted in the April letter was a simple mistake – but was only for a few pounds. It's sorry Mr and Mrs C had to spend so long trying to sort things out and how hard it was to get through on the phone, but that some of this was because of the working restrictions around the pandemic.

As Barclays has acknowledged it was at fault, it falls to me to decide if the way we've asked Barclays to put things right is fair, taking all the circumstances into account.

When we ask a business to put things right after a mistake, there are two parts. First is that Barclays should put Mr and Mrs C in the position they'd have been in if the mistakes hadn't been made. The second is how much compensation is warranted, given what happened.

If no mistakes had been made, Mr and Mrs C would have made the missing monthly payments on the three affected accounts. The relevant amount of interest would have been charged, with the remainder of the payment reducing the capital balance in each account as appropriate.

Instead, no payments were made and additional interest has been charged. There were no reductions to the capital amounts.

To put things right we've asked Barclays to re-work the three accounts as though the payments have been made, calculate how much interest would have been charged and refund the difference to Mr and Mrs C. Barclays has said it would do this – and has given us an estimate of just under £19.00 across the three accounts.

As no payments were made, Mr and Mrs C have had the benefit of holding on to the money that would have been used to make their monthly payments – about £3,825 by the end of the fourth month. They told our investigator that they had this money set aside when they first contacted us last summer. Of course some time has passed since then, and circumstances change, especially at the moment when businesses like Mr and Mrs C's may not be able to operate as normal. So we suggested Barclays come to an arrangement with Mr and Mrs C to collect this money over a period of time if that was what they wanted. Barclays has said it would do that. Mr and Mrs C want Barclays to agree the timeframe for catching up on payments before they accept this decision. But that's something they need to talk to Barclays about as only they know their current financial circumstances. I'd expect Barclays to accommodate any reasonable request for spreading out the four months' worth of missing payments without adding interest.

If Mr and Mrs C pay the outstanding amount and Barclays refunds the interest, Mr and Mrs C will be in the position they'd have been in without the mistakes – so they won't be financially worse off.

I've also thought about the impact the bank's error has had on Mr and Mrs C's credit files. I agree that their mortgage balances would have been static or increasing during the four months when payments weren't collected. And that may have meant their credit scores went down a little, although I haven't actually seen their credit files. But I'm also conscious that Mr and Mrs C had already had a payment holiday, which would also have been reflected in their credit files and possibly their overall scores. Barclays says it hasn't registered any negative information on their files about the missing payments other than the increasing balances. The balances will reduce to where they should be once Mr and Mrs C catch up on the missing payments, so this shouldn't be a long term issue. Mr and Mrs C say Barclays error led to a payment they were trying to make being declined by a third party. But I haven't seen

any explanation that says this was definitely linked to their credit file so I can't conclude it was because of Barclays error.

I'm satisfied that once the missing payments are made and the interest re-calculated and refunded Mr and Mrs C will be no worse off financially than they would be if the error hadn't occurred.

I do understand that Mr and Mrs C want to see new statements for their accounts. But these will only ever reflect what's actually happened. That means that, until Barclays refunds the interest and Mr and Mrs C make up the missing payments, there won't be any new information to see. Barclays should however send Mr and Mrs C the calculations it's done to work out the interest it's refunding across the three affected accounts.

Mr and Mrs C also say neither Barclays nor our investigator considered their fourth account. From what I've seen this account operated correctly throughout, so there are no missing payments and no additional interest. I haven't considered this account further.

Finally I can see that Barclays told Mr and Mrs C it would collect one amount from their bank account in April but took a slightly higher amount. Looking at the letter it's clear there's a mistake when adding up the individual amounts to reach the overall total to be collected. I understand this would be un-nerving for Mr and Mrs C as it suggests Barclays doesn't check things properly. But mistakes do happen, and thankfully the effect of this one was relatively minor as it was only a few pounds out.

I do think Mr and Mrs C have been inconvenienced by Barclay's mistakes, and have had to spend time and effort trying to put things right. Taking everything into account, I think our investigator's suggestion of £500 is fair.

Putting things right

Barclays should do the following to put things right for Mr and Mrs C:

- Re-calculate the interest on the three affected accounts as though payments have been made on time and refund the difference, either by reducing the capital balances or returning this amount to Mr and Mrs C as they wish.
- Share the calculations with Mr and Mrs C so they can check them.
- Issue a new set of statements showing the new balances on the three accounts.
- Pay £500 compensation (less any amount already paid).
- Offer Mr and Mrs C a reasonable payment schedule for catching up on the missing payments (without incurring extra interest) if that's what they want.

My final decision

My decision is that I uphold this complaint and I require Barclays Bank UK PLC to put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to accept or reject my decision before 11 March 2022.

Susan Peters
Ombudsman