

The complaint

Ms J complains Barclays Bank UK PLC (Barclays) failed to promptly refund two overpayments to her mortgage account.

What happened

In July 2020, following a previous discussion with Barclays, Ms J made what she believed were two overpayments to her mortgage account, but subsequently discovered these were treated as part redemption payments which affected her ongoing contractual monthly payments (CMP) to her mortgage account. As a result Ms J says in late July 2020 she then instructed Barclays to refund these payments, but Barclays took until mid-September 2020 to refund one of the overpayments of £477.77 and despite Barclays saying it had also refunded the second overpayment of £700, it hadn't.

Ms J says it was only following further complaints to Barclays that it eventually refunded the second payment of £700. Ms J says this matter has affected her health and caused her considerable stress and upset and is looking for Barclays to substantially increase its offer of £150 in compensation for the inconvenience this has caused her.

Barclays says it has apologised for any misinformation concerning how the payments to Ms J's mortgage account would be allocated and paid her £25 to recognise this. Barclays also apologised for the delay in refunding the first refund of £477.77 and paid her a further £25 for this error. Barclays subsequently agreed it hadn't refunded the second overpayment of £700 and apologised for that offering Ms J a further compensation payment of £150.

Ms J wasn't happy with Barclays response and referred the matter to this service.

The investigator looked at all the information available and upheld Ms J's complaint. The investigator felt Barclays had made a number of mistakes and had failed to correctly refund Ms J in a timely manner. The investigator says that although Barclays recognised the mistakes it made, it didn't go far enough when compensating Ms J for the inconvenience and upset it caused over this matter. The investigator suggested a further payment of £250 should be paid to include the £25 that has already been paid to Ms J.

In addition, the investigator asked Barclays to pay 8% simple interest on both payments of £477.77 and £700 from 29 July 2020 to the date they were finally refunded. The investigator also mentioned that she didn't feel Ms J's credit rating was affected as a direct result of these late refunds.

Ms J didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

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 have come to the same outcome as the investigator and I will explain how I have come to my decision.

I was sorry to learn that Ms J's health has been affected by this matter and I can see this would have been a frustrating and stressful time for her. When looking at this complaint I will consider if Barclays, having now acknowledged its earlier mistakes, have adequately compensated Ms J for the trouble and upset this has caused.

Ms J later during the course of this complaint, mentioned that her credit rating had been affected by the errors Barclays made, but as the investigator has pointed out there is no evidence to suggest that to be the case here and any adverse impact to Ms J's credit rating was in all likelihood a result of missed mortgage payments.

It's worth saying this issue didn't form part of the complaint brought to this service and Barclays have not had the opportunity to comment on this, so if Ms J feels her credit file has been incorrectly adversely affected, this would need to be dealt with under a separate complaint, which Ms J can raise with the investigator if she so wishes. But to be clear I won't be commenting on that issue here, other than to say there's no evidence to suggest the late refunds have affected Ms J's credit file directly.

Ms J has also complained about how her complaint was handled and processed by Barclays, but it's not the role of this service to scrutinise Barclays' complaints process or to tell it how it should deal with complaints more widely. My role is to look at what's fair and reasonable in the individual circumstances of a complaint. And so, I'll be looking at whether or not Barclays have acted fairly when dealing with the refund of the two overpayments Ms J made to her mortgage account, back in July 2020.

The first thing to say here is following the investigator's contact with Barclays, it has now accepted it took too long to refund one of the overpayments of £477.77 and failed to action the second refund of £700 when it was asked to in July 2020. Barclays have explained in some detail to Ms J how overpayments are allocated to her mortgage account, so I don't feel I need to elaborate here. Ms J's issue now is the amount of compensation she has been offered by Barclays, as she doesn't believe the £150 it offered goes far enough to cover the trouble and upset she has gone through.

While I understand Ms J feels the compensation should be considerably higher than Barclays have offered and understand the time Barclays took and the stress this caused her would have been upsetting for her, it's not my role to penalise businesses when genuine mistakes are made. The role of this service is to ensure appropriate actions are taken to put consumers back in the position they were before any mistakes occurred and a proportionate level of redress is paid for that.

Here, although Barclays have rectified its mistakes and have already paid a modest amount of compensation of £25, I don't feel its additional offer of £150 is quite sufficient here. So, like the investigator I feel a total of £250 would be more appropriate and in addition Barclays should pay 8% simple interest on the overpayments made to Ms J's mortgage account, from the date she requested the refund in late July 2020, until they were eventually refunded.

While Ms J will be disappointed with my decision, I am satisfied this is a fair outcome here.

Putting things right

I instruct Barclays Bank UK PLC to increase the total compensation to £250. This includes the £25 already paid to Ms J.

Barclays should also pay 8% simple interest from 29 July 2020, the date the two overpayments of £477.77 and £700 were requested by Ms J to be refunded, until the date they were finally paid to her.

My final decision

My final decision is that I uphold this complaint.

I instruct Barclays Bank UK PLC to increase the total compensation to £250. This includes the £25 already paid to Ms J.

Barclays should also pay 8% simple interest from 29 July 2020, the date the two overpayments of £477.77 and £700 were requested by Ms J to be refunded, until the date they were finally paid to her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 11 September 2022.

Barry White
Ombudsman