

## The complaint

Ms M complains that Barclays Bank UK PLC (Barclays) didn't remove missed payment markers from her credit file as they'd agreed to.

## What happened

Ms M has a buy to let mortgage (BTL) with Barclays. In March 2019, Barclays cancelled the direct debit to it for the contractual monthly payments, and so Ms M missed two payments as a result (in March 2019 and April 2019). The missed payments were recorded on her credit file. In February 2021, Ms M complained to Barclays and in April 2021, they agreed to remove the markers. They were removed in August 2021.

Ms M complained. She said she'd asked Barclays on several occasions to take the markers off her credit file, but they hadn't. As a result, between May 2019 and when she complained to Barclays, she missed out on the purchase of three BTL properties and was prevented from remortgaging her main property. Ms M said this was because her broker couldn't get any lender to agree to the loans – because of the missed payment markers on her credit records. She provided emails from her broker which she said confirms this to be the case. Because of this, she had missed out on investment opportunities and had been denied income from the BTL properties. She also lost out on the stamp duty exemptions that were available at the time. She had also suffered a lot of stress and worry – and had spent a lot of time in calling Barclays.

Barclays admitted their original error – it was their fault the direct debit was cancelled when it shouldn't have been. And, the markers shouldn't have been put on Ms M's credit file. They accepted she was told at the time they would be removed, but they weren't. They apologised and offered compensation of £300.

Ms M brought her complaint to us, and our investigator looked into what happened. He accepted that the property purchases didn't take place because of the markers on Ms M's credit file. He couldn't quantify the losses Ms M had suffered, nor could he award compensation for them – as they were too far removed from the error Barclays had made. He was also concerned that Ms M didn't come forward with her complaint earlier than she did – as she'd seen why the mortgage applications had been declined a long time beforehand. But – he considered that Barclays hadn't acted fairly and should increase their compensation to £900.

Barclays agreed to pay the compensation of £900. But Ms M didn't agree and asked that the complaint be looked at by an ombudsman. She said the financial impact had been greater.

### *I reached a provisional decision where I said:*

Considering the evidence I've seen so far, I currently disagree with our investigator – I don't think that the level of compensation of £900 is a reasonable amount for what happened and believe the original award of £300 is a fair and reasonable amount to put things right. I know this will come as a disappointment to Ms M – but it's part of our process

that an ombudsman looks at her complaint afresh and might form a different view, which is what I've done here, and in the circumstances of her complaint.

It's not in dispute that Barclays made an error when they cancelled Ms M's direct debit in 2019, and then put two missed payment markers on her credit file – for the months of March 2019 and April 2019. Barclays have admitted this was their mistake and said they should've removed the markers at the time – but they didn't.

And so – the crux of Ms M's complaint is what happened because of Barclays' error. Ms M says she missed out on the opportunity to buy three BTL properties and she also wanted to remortgage her main home to release cash to invest in property. For us to agree a level of compensation for Ms M's alleged losses, I must be persuaded that they were a direct result of Barclays' error – and how much those losses were.

Ms M's mortgage broker has written to us to say that the property purchases fell through because he couldn't arrange finance. And that was because of the markers on Ms M's credit file. But in all fairness – that's the only evidence we have to support Ms M's argument. And whilst I think the missed payments on Ms M's credit file were likely to have played a part in any new lending decision, I think it's also fair to say that there could've been many other reasons why the finance couldn't be arranged.

When lenders consider an application for a mortgage there are many different factors they consider before agreeing to lend. Such as, for example - the lenders' appetite to lend on BTLs; the loan to value ratio (LTV); the lender's valuation and survey report, and projected rental income. And – another purchaser may have offered a higher price which would've stopped Ms M from buying the property. I also noted the mortgage broker said he didn't make any mortgage applications at the time. He says that was because he'd had a verbal indication that they wouldn't agree the loans because of the markers on Ms M's credit file. But that's all we have – I haven't seen any written evidence from lenders that they declined to lend, and the reasons for their decision. And we haven't seen any calculation of what Ms M's losses might have been. So – I'm not persuaded that we can conclude that Ms M lost out as a direct result of the markers Barclays had put on her credit file.

Some of Ms M's arguments relate to further missed opportunities this year – after she complained to Barclays. But again, I haven't seen conclusive evidence that these were due to the markers on her credit file – for the same reasons as I've described.

Our investigator asked Ms M why she didn't flag the issues to Barclays earlier than when she first complained in February 2021. She said she had called Barclays during the period between March 2019 and September 2020 – and they didn't deal with her problem. But I've seen Barclays' records for that period – and there's nothing to show she did contact them about the issue. There aren't any calls, letters, or emails. I also noted that Ms M's broker sent to her a copy of her credit report in October 2019 – and this showed the missed payment entries. So – I think it's reasonable to say that Ms M must have been aware of the problem then or should have been. And so – she could then have done something about it – but she didn't complain to Barclays until February 2021.

Barclays agreed to remove the markers from Ms M's credit file in April 2021. Ms M showed us her credit report dated July 2021 – and the markers were still showing. We asked Barclays about this, and they said they'd been slow to deal with their removal but said Ms M's credit file was cleansed in August 2021. In all honesty, it shouldn't have taken four months for this to be dealt with – and if that still hasn't been done, I would ask her to let me know when responding to this provisional decision.

Our investigator considered that an award of £900 was appropriate for what happened. I think that's too much in the circumstances of this case, and for the reasons I've described. Our service would normally make an award of up to £300 where there have been repeated small errors which needed a reasonable effort to sort out and where there's been some distress and disappointment. And I think that's appropriate here – because I'm not persuaded that Ms M did incur clear and quantified losses as a direct result of Barclays' error.

I realise that Ms M will be disappointed by my view – because Barclays and our investigator agreed to a higher award, but in the circumstances of this case, I think that an award of £300 is the right amount.

#### Responses to the provisional decision:

Barclays agreed, but Ms M didn't. She provided a lot of additional information, which I will summarise:

- She showed us she had appointments to view three properties: two in May 2020 and one in November 2020.
- She showed us she'd searched online for four properties: three in November 2020 and one in February 2021.
- She provided a further email from her mortgage broker which said they couldn't obtain four mortgages for Ms M due to Barclays' error. This was because they didn't progress applications following initial enquiries and discussions with lenders.
- She showed us a letter from her accountants which said she couldn't buy three properties. They worked out that lost profit (for two years) was a total of £93,600. And she'd lost out on stamp duty reductions which would have saved her £37,500.
- Ms M provided copies of many calls with Barclays, of which nine were relevant to her complaint. I've listened to them and they cover Barclays' error in cancelling the direct debit, the missed payments, and the effect on her credit file.

I now need to consider Ms M's further evidence and make 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.

I appreciate that Ms M has gone to a lot of trouble to provide more evidence. Following the provisional decision, we advised Ms M that we would need to be sure that her mortgage applications were declined because of the markers on her credit file. And we would need clear evidence from the prospective lenders to say that.

Unfortunately, the further material that Ms M has shown us doesn't provide that. And as I said in the provisional decision, lenders take many different things into account when deciding whether to lend on a BTL mortgage – a borrower's credit file is one, but there are many others. So, we can't say that her applications were declined because of that.

I know that Ms M feels strongly about what happened and has argued her case with us consistently. But I'm not persuaded that we can conclude that Ms M couldn't obtain mortgages because of the markers on her credit file.

### **My final decision**

Barclays has already made an offer to pay £300 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Barclays Bank UK PLC should pay £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 18 March 2022.

Martin Lord  
**Ombudsman**