

## The complaint

Mr and Mrs F are unhappy that Barclays Bank UK Plc asked them to pay an additional amount of approx. £7,300 after they had repaid their mortgage. To settle the complaint they want Barclays to pay them compensation.

## What happened

I will provide only a brief summary of what has led up to this complaint. Our decisions are published, so it's important I don't include in this decision any information that might result in Mr and Mrs F being identified.

In addition, what's happened isn't really in dispute and is well documented in correspondence between Mr and Mrs F, their conveyancer, Barclays and in the initial view on the complaint issued by our investigator. For these reasons, I will keep my summary fairly short.

Mr and Mrs F had a mortgage with Barclays which was on a product that was subject to an early repayment charge (ERC) if they repaid it within the fixed rate period. Mr and Mrs F decided to move house and port (transfer) the interest rate product onto the mortgage on their new property. As a result, the ERC would be waived.

Completion of the sale and purchase was fixed for 17 May 2021. The conveyancers acting for Mr and Mrs F asked Barclays for a redemption statement. This showed that the amount required to repay the mortgage on 17 May 2021 was as follows:

Outstanding Mortgage Account Balance	£ 243,709.10
ERC	£ 7,311.27
Mortgage exit fee	£ 80.00
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Total:	£ 251,100.37

Because the ERC was being waived, the amount Barclays should have received at completion was £243,789.10 (the outstanding account balance plus the £80 fee).

However, the conveyancers made an error; instead of deducting the ERC from the total amount due of £251,100.37, they deducted it from the outstanding account balance.

As a result, on completion Barclays was sent only £236,397.83, made up as follows:

Outstanding Mortgage Account Balance	£ 243,709.10
Plus mortgage exit fee	£ 80.00
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	£ 243,789.10

Less ERC	£ 7,311.27
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Amount sent to Barclays:	£ 236,397.83

The sale and purchase completed, but Barclays wasn't able to close the old mortgage account because there was a shortfall of £7,311.27, due to the solicitors having sent the incorrect amount.

Because there was still an outstanding account balance, Barclays chased Mr and Mrs F for the payment. However, Mr and Mrs F were given incorrect information by the bank and were told several times that they didn't need to pay the £7,311.27, as the ERC had been waived. Despite this, Barclays still claimed there was an outstanding amount of over £7,300 due. Over a period of several months, Mr and Mrs F queried this.

By October 2021 Mr and Mrs F acknowledged that the solicitors had made an error, but they would have difficulty making the outstanding payment in a lump sum.

Mr and Mrs F were very unhappy about what had happened and about the way Barclays had dealt with this. The bank had written to their old address and, although they had arranged with Royal Mail for their post to be forwarded, this didn't happen. The bank looked at what had happened. In its final response letter, the bank explained that the ERC had been deducted from the outstanding account balance rather than the total amount due, and that is how the shortfall arose.

Barclays did, however, acknowledge that Mr and Mrs F had been given incorrect information by the bank about the shortfall being waived. Barclays has clarified that this is because the advisor was confused about the ERC (which Mr and Mrs F didn't need to pay, as they'd ported their mortgage product) and the shortfall (which they did need to pay, as their conveyancer hadn't sent Barclays enough money to pay off the mortgage).

Barclays said that, as the old mortgage account hadn't been closed, correspondence about this had been sent to the address for that account, which was the property Mr and Mrs F had sold. Unfortunately, due to issues with Royal Mail, Mr and Mrs F hadn't received those letters.

Barclays offered compensation of £200 for the incorrect information given to Mr and Mrs F and for the confusion and upset this had caused. The bank also explained that the shortfall was still outstanding, and that interest was continuing to accrue on this whilst it remained unpaid.

Dissatisfied with Barclays' response, Mr and Mrs F complained to the Financial Ombudsman Service. An investigator looked at what had happened. He was satisfied that responsibility for the existence of the shortfall lay with the conveyancer who had sent Barclays less than the amount required to redeem the mortgage.

However, he was satisfied that Barclays' communication had been poor and that Mr and Mrs F had been given conflicting information about how much was owed. As a result, he thought Barclays should waive any interest accrued on the outstanding debt between the date of the final response (11 October 2021) and the date of his letter (16 December 2021). The investigator also thought Barclays should increase its offer of compensation to £400.

Barclays agreed to this, but Mr and Mrs F did not. They don't understand how this was allowed to happen in the first place, and they don't think Barclays has provided an adequate explanation as to how the sale of the property could have completed when the mortgage hadn't been paid off. They are also unhappy at being charged any interest on the shortfall.

As the matter is unresolved, it falls to me to issue a decision on it.

### **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 see from the documents on file that Mr and Mrs F now understand how the shortfall debt arose – which was because their conveyancer didn't send enough money to Barclays to pay off their old mortgage on completion of their sale and purchase. Mr and Mrs F have queried how completion could have taken place when there was still a mortgage debt outstanding. However, completion of the sale and redemption of the mortgage are dealt with as separate transactions. The removal of the legal charge at the Land Registry only happens when the lender is satisfied that the mortgage debt is repaid. But that is separate from completion of the actual sale/purchase of the property.

I think the redemption statement was quite clear about how much was due to Barclays, so it's difficult to see why the conveyancer deducted the ERC from the outstanding mortgage balance rather than the total amount due to the bank. That's something Mr and Mrs F will need to ask their conveyancer about. However, I'm satisfied that Barclays isn't responsible for the shortfall debt arising and that this came about as a result of an error on the part of Mr and Mrs F's conveyancer.

It follows, therefore, that I'm also satisfied that the shortfall debt is properly owed to Barclays, and that the bank is allowed to charge interest on this.

I can see there were some customer service failings when Mr and Mrs F were assured that the debt was waived. This was as a result of the advisor confusing the shortfall debt with the ERC. As they were for the same amount, I can see how this mistake arose, but it led to Mr and Mrs F being given the wrong information on several occasions.

As the address for the old mortgage account was the property Mr and Mrs F had just sold, the bank's system wouldn't have updated this to their new address. As a result, Barclays wrote to their old address. It's unfortunate that Royal Mail didn't redirect the correspondence on to Mr and Mrs F as it should have done. This isn't Barclays' fault, however.

I am glad to see that Barclays has agreed that interest should be waived for the period 11 October 2021 to 16 December 2021 inclusive. I think this is fair. As Barclays wasn't responsible for the shortfall debt arising, I don't think it is fair or reasonable for any additional interest to be waived. I must emphasise that I don't think Mr and Mrs F are at fault here, so I can understand they think it's unfair for the bank to charge them interest. But I think they will need to take this up with their conveyancer, as it was that party which sent the bank less than was required to repay the mortgage, which resulted in the existence of the shortfall debt and, as a direct consequence, the additional interest Mr and Mrs F are now required to pay.

I agree with the investigator that the £200 originally offered by Barclays wasn't sufficient for the trouble and upset caused to Mr and Mrs F. I think £400 compensation is fair, given that it was several months before Mr and Mrs F were given a clear explanation of what had happened and were caused a lot of upset and confusion.

### **Putting things right**

To settle this complaint, I direct Barclays Bank UK Plc to remove interest on the shortfall debt for the period 11 October 2021 to 16 December 2021 inclusive. I also direct Barclays Bank UK Plc to pay Mr and Mrs F compensation of £400 for trouble and upset.

### **My final decision**

My final decision is that I partly uphold this complaint. I direct Barclays Bank Plc to settle the complaint as detailed above. I make no other order or award.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any correspondence about the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F and Mr F to accept or reject my decision before 22 April 2022.

Jan O'Leary  
**Ombudsman**