

## **The complaint**

Ms H complains that Barclays Bank UK PLC failed to process her direct debit payment correctly for three consecutive months and this was unfairly recorded on her credit file.

Ms H would like Barclays to correct her credit file, and to increase its offer to compensate her the upset and inconvenience this matter has caused her.

## **What happened**

Ms H has a mortgage with Barclays. Ms H experienced financial difficulties during the coronavirus pandemic due to the nature of her work. She arranged a six month mortgage payment deferral which ended in September 2020.

Repayments were due to restart on Ms H's mortgage in early November 2020. However, there were problems when her direct debit was reinstated. Ms H's direct debit payment was returned for the next three months in error despite her having enough money in her current account.

In January 2021 Ms H's direct debit was automatically cancelled after three consecutive months of the mortgage repayment being returned.

Ms H complained to Barclays. On 26 February 2021 Barclays gave a final response upholding Ms H's complaint. Barclays said it had been responsible for problems with Ms H's direct debit not being processed correctly. As a gesture of goodwill, it agreed to cover the interest that had accrued on the mortgage from November 2020 to January 2021 totalling around £810. And Barclays offered Ms H £350 for the frustration and distress caused and the time it had taken her to get the matter resolved.

At the time of its final response, Barclays wouldn't agree to correct Ms H's credit file. It said Ms H had had other options to make her mortgage payments, such as over the phone or online, and as such it wouldn't correct the credit file for the arrears that had been recorded.

Ms H was unhappy with Barclays response and referred her complaint to us. Ms H wanted Barclays to 'cleanse' her credit file for the three missed repayments and wanted Barclays to cover the interest applied to the mortgage for two further months in February and March 2021 as she said this had continued to be a problem for her.

While this complaint has been with us Barclays agreed to amend Ms H's credit file, removing the record of missed payments from November 2020 to February 2021 to cover the period where there were problems collecting the direct debit.

Ms H still felt that the compensation offered was inadequate. Our investigator looked into what had happened. Her view was that Barclays had done enough to put things right.

Ms H disagreed and asked that an ombudsman look again at the matter. This case has now been passed to me to reach 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 can understand why Ms H has been upset by the problems making her mortgage repayments following the end of the six-month payment deferral. It's clear from Ms H's submissions that the coronavirus pandemic seriously impacted her ability to work, and I'm sorry to hear of how difficult things have been for her.

I've thought carefully about the specific circumstances of this complaint and what I consider Barclays should reasonably be expected to do to sort this matter out. Barclays can't fairly be expected to compensate Ms H for all the issues she's experienced as a result of the pandemic. However, it should correct mistakes it has made, putting Ms H back in the position she would have been in but for the mistakes. And it should pay fair compensation to Ms H for the suffering and inconvenience it has caused her by its actions.

Barclays has accepted that it was responsible for the problems with Ms H's direct debit being called in the months of November, December and January 2021. Ms H had taken the necessary steps to make sure her mortgage repayments were to be made, and yet her mortgage fell into three months of arrears. It's clear that Ms H tried to sort matters out by calling Barclays and visiting a local branch and yet the problems kept happening.

I can see why Ms H was particularly frustrated that Barclays had previously taken the position that it wouldn't correct how this matter was reported on her credit file; even though she'd explained that this would impact her ability to access credit to support her business going forward.

Barclays initially offered to waive all interest applied to this mortgage for three months to compensate Ms H for its failings. It also offered £350 for the trouble and upset caused to Ms H. Ms H is also disappointed that the payment of £350 still hasn't yet been made.

I'm pleased to see that Barclays has also now agreed to correct Ms H's credit file for the missed mortgage payments in November, December and January 2021. This seems reasonable to me when taking into consideration that it was due to bank error, and not any wrongdoing by Ms H, that these mortgage repayments weren't made in full and on time.

Barclays has also offered to cover the interest that accrued on the mortgage during the period that there was a problem with the direct debit payments. This interest cost amounts to around £810 for these three months. I think that also seems fair to reflect the issues that this matter created for Ms H during this period.

Ms H has said that she would also like a further two months of interest to be covered by Barclays as she continued to have problems sorting out the mortgage in February and March 2021. Having thought carefully about this point, I don't think it would be reasonable to ask Barclays to refund further months of interest. There are a couple of reasons why I say this.

First, Barclays was entitled to continue to charge interest on the mortgage balance each month. I don't think it was unfair that Barclays continued to apply interest to the mortgage even though there was an issue with direct debit payments.

Barclays has chosen to cover the cost of Ms H's mortgage interest for three months in recognition of its wider service failings in this complaint. It's offered this as part of a wider settlement to resolve this complaint, rather than because it had acted unfairly in charging

interest as per the mortgage contract. I don't think it follows that it should continue to refund subsequent months of interest because it had made this previous offer.

In any event, I'm satisfied that from January there were different ways for Ms H to catch up with her mortgage arrears and to set up a different way of regularly making her mortgage repayments. For example, Barclays has shared notes of phone calls held with Ms H over the course of this complaint. The call history shows that in January Barclays had offered to take a payment by card during a telephone call, although Ms H didn't want to do this. In late January 2021, a letter was sent to Ms H saying that the direct debit had been cancelled and that a new mandate needed to be completed so further payments could be made by this means.

In all the wider circumstances of this complaint, I think Barclays had done enough by this point to make it clear how Ms H could take steps to prevent further issues from the end of January 2021. And so, I consider that Barclays has acted reasonably by not agreeing to extend its offer of compensation for subsequent months.

I understand that Ms H resolved the issue by setting up a standing order in a local branch and that she's continued to make her mortgage repayments in this way since. Ms H has explained to us that she'd prefer to pay her mortgage by standing order as she's lost confidence in Barclays' ability to take payments by direct debit. Barclays has said in letters sent to Ms H that there are several ways that Ms H can choose to pay her mortgage. One of these methods is by standing order. I leave it to Ms H to decide if this is the way she would like to continue to make her mortgage repayments going forward.

Barclays has offered Ms H £350 for the trouble and upset this matter has caused to her. This is in addition to the refund of around £810 of mortgage interest covering the months from November 2020 to January 2021 when there were problems with the direct debit.

Ms H has said she doesn't feel this is enough for the upset this matter has caused her. I'm conscious that this problem happened after an already difficult period that Ms H experienced as a result of the pandemic. I don't underestimate how challenging things must have been for Ms H in a personal and professional capacity at that time. Having taken into account all the corrective steps and wider compensation offered by Barclays to resolve this matter, I think this payment is fair and reasonable for its failings at this time. I make no further award.

### **Putting things right**

Barclays has agreed to:

- cover the cost of interest on Ms H's mortgage from November 2020 to January 2021;
- clear Ms H's credit history of missed mortgage repayments for the same period; and
- pay Ms H £350 for the upset caused to her by its administrative failings and poor customer service.

Barclays should complete the above steps now if it hasn't already done so.

### **My final decision**

My final decision is that this complaint against Barclays Bank UK PLC should be upheld.

Barclays should correct Ms H's credit file from November 2020 to January 2021, cover the cost of interest on the mortgage for the same period and pay Ms H £350 (if it hasn't already)

to settle the matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 25 May 2022.

Emma Peters  
**Ombudsman**