

The complaint

Mr and Mrs E complain about how Barclays Bank UK Plc has administered their mortgage during the covid-19 pandemic. Mr E has managed the complaint throughout.

Mr E complains that Barclays:

- made mistakes when setting up two consecutive covid-19 payment deferrals in March and June 2020.
- then agreed to a further two months payment deferral over the phone in September 2020. But later went back on this agreement and started treating his mortgage as being in arrears and reporting it as such on his credit file.

Mr E says he's worried about the impact Barclays' error has made on their credit file and their ability to get access to competitive mortgage interest rates. He also says the stress of this complaint has made his health suffer.

Mr E would like Barclays to admit that it agreed a further two-month payment deferral in late September 2020 and to update their credit file to reflect that the mortgage wasn't in arrears.

What happened

Mr and Mrs E have a capital repayment mortgage with Barclays. Early on during the covid-19 pandemic, Mr E contacted Barclays to request a three-month payment deferral. This was intended to cover the period from April to June 2020. In June 2020, Mr E asked that this was extended to July to September 2020.

There were issues with the way Barclays set up these initial payment deferrals. They weren't set up to cover the months that had been agreed and for a time it had appeared that the mortgage had been in arrears when it shouldn't have been. Mr E identified this and escalated this to Barclays. Barclays took steps to correct this mistake.

Once the second payment deferral came to an end, Mr E asked for the arrangement to continue for a further two months covering his October and November mortgage repayments. Mr E says Barclays agreed to extend his payment deferral for two more months and told him this wouldn't be recorded as mortgage arrears or be reflected on their credit file. Mr E was later upset to receive letters from Barclays saying that his mortgage was in arrears and to find this had recorded on his and Mrs E's credit file.

Mr E complained to Barclays, which upheld the complaint and offered Mr and Mrs E £100 for issues with setting up the payment deferrals correctly, and a further £50 for subsequent problems. It seems the second payment of £50 that was offered was never paid to Mr and Mrs E.

Mr E was dissatisfied with Barclays' response and brought his complaint to us. Our investigator looked into what had happened. She thought that Barclays had made some administrative mistakes when setting up the two special covid payment deferrals. And she thought it was reasonable that Barclays pay Mr and Mrs E a further £200, in addition to the

£100 it had already paid to Mrs E, for upset and inconvenience caused by its handling of the mortgage and poor communication.

Our investigator said that Barclays had retrospectively sorted out the months that the initial payment deferrals were intended to cover (from April to September 2020). But she thought Barclays had acted fairly by recording the last two-month zero payment arrangement (for October and November) on Mr and Mrs E's credit file. She said that it's usual for financial businesses to record such arrangements on credit files. While this wasn't a requirement during the exceptional arrangements made for covid-19, any subsequent support should be recorded in the normal way. And that it was reasonable that Barclays had done this for Mr and Mrs E's mortgage in all the circumstances.

Mr E disagreed. He responded to the investigator's view to say, in summary:

- it's unfair that we could allow a bank to leave a credit rating 'downgrade' on Mr and Mrs E's credit file and think £300 was adequate compensation when the bank will make this back in higher interest for having a bad credit rating;
- how could we agree that Barclays had made the mistakes on the mortgage and yet it was acceptable behaviour for them to record information on his credit file;
- Barclays should remove the 'black mark' from Mr and Mrs E's credit file in recognition of its mistake.

Mr E asked that an ombudsman look at the complaint again and reach a final decision on the matter.

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.

First, I'd like to reassure both parties that I have considered all the evidence that has been submitted before reaching my decision. I'm also grateful to Mr E who has given us a detailed timeline of events and explained how this situation came about.

As part of my wider consideration of this complaint, I've thought about the series of issues that Mr and Mrs E experienced trying to get access to the special payment deferral scheme. I'm mindful that this scheme was set up to help mortgage account holders to get through a really difficult time. I've also considered that this was a difficult time for many financial businesses too. I'm conscious that Barclays would have had its fair share of operational issues to overcome.

Notwithstanding, it's very disappointing that Mr and Mrs E experienced the number of problems that they did getting access to the covid payment deferral scheme. Barclays made a series of administrative mistakes setting up payment deferrals for Mr and Mrs E. I can see why Mr E became increasingly frustrated and disillusioned with his mortgage lender.

It's also clear from the contact history which records the series of calls Mr E has made with Barclays during this period, that he spent a lot of time trying to sort out what was happening with his mortgage repayments. There were times when Mr E became so upset that he would end calls. Mr E also says there were times when he would get cut off from a call by Barclays. In either scenario, this would lead to Mr E later calling back and speaking to a different person. I think that did exacerbate the problem of inconsistent messaging by Barclays - as a separate person would then pick up the issues and potentially give conflicting messages to

Mr E. This then led to Mr E's frustration growing. He then had to explain the issues he was having to another person, who would then struggle to pick up where their colleague had got to.

Barclays has already accepted that it made mistakes setting up Mr and Mrs E's first and second three-month payment deferrals. This led to arrears being recorded on Mr and Mrs E's credit file. Barclays has already corrected its mistakes in this regard and that issue no longer seems central to what I need to determine now. Mr E is more concerned about what happened in September 2020 when he tried to sort out a further payment arrangement to cover his mortgage payments in October and November.

It seems clear from the records and calls made at the time, that Mr E felt that he needed further support beyond the six months covered by the special covid scheme. He asked for a further two months of payment deferral without his mortgage being recorded as being in arrears, or without any impact on his credit file.

As our investigator has explained, financial businesses have a responsibility to accurately record account conduct to the credit reference agencies. The Financial Conduct Authority (FCA) introduced a special scheme to help mortgage borrowers in response to the covid-19 pandemic. This meant residential mortgage account holders could request up to six months of payment deferrals without this being reported on the account holder's credit file. These were exceptional rules introduced by the regulator, in response to an exceptional event.

Mr and Mrs E took out a covid payment deferral from April to September 2020. There were some issues with Barclays setting up this payment deferral. Barclays has taken steps to correct this already. It updated Mr and Mrs E's credit file to make sure there was no information about missed mortgage payments or arrears from April to October 2020. Barclays has made a payment of £100 for the issues Mr and Mrs E experienced with this. I think that award, along with the steps already taken to sort out the credit file for this period, is fair and reasonable to resolve this part of the complaint.

The remaining part of this complaint concerns how Barclays handled Mr E's request for further support following the end of the six-month special covid scheme. Mr E wanted the payment deferral to be extended and for it to continue to not be treated as arrears or recorded on his credit file.

Mr E is adamant that Barclays agreed to a further two-month payment deferral in a call at around 4pm on 22 September 2020. I have listened to this call, and I have looked at the notes that record what was discussed in all the other calls around this time. I have also looked at the call summaries prepared by our investigator who has explored this particular issue in depth when sharing her findings about this complaint with Mr E.

I have thought carefully about whether Barclays did agree to a further two-month payment deferral and whether it told Mr E that this wouldn't be recorded on his credit file. I don't think that it did. I don't dispute what Mr E thought had been agreed in a call with Barclays at around 4pm on 22 September. But, I genuinely think there was a misunderstanding about what had been agreed and that the Barclays staff member and Mr E came away from that call with a different view of what had been set up.

The same staff member spoke to Mr E twice on 22 September. Barclays' notes from that morning say that the call handler had asked another department to approve an arrangement where Mr and Mrs E could pay 'less than interest only' for two months on their mortgage. The notes record this had been agreed. She then tried to communicate what had been agreed to Mr E in a call shortly before midday. The notes record that when the staff member started to read the 'script' and advised Mr E that *"the missing payments will accrue as*

arrears, he said he did not want this and demanded 2 months further ph [payment holiday]. I have advised this is not something we offer and when he asked what other options we have available I recommended he speak with an IFA at which stage he disconnected the call”.

The same call handler makes notes that afternoon after her second call with Mr E. The notes say that Mr E had taken time to reflect on his earlier decision and he now decided he would like to accept the two month plan.

I don't think the call recordings or call notes support Mr E's recollection that Barclays had agreed to give Mr and Mrs E a further two month payment arrangement which would operate in the same way as the special covid deferral arrangement, or that would have no impact on his credit file.

Barclays has also said that it was made clear to Mr E that the additional two months couldn't be capitalised and would remain as arrears. And that after two months Mr E would need to call to discuss a repayment plan.

I don't agree with Barclays about that. I don't think that the second call with the staff member at 4pm made it clear what would happen from December 2020 when this two-month zero payment arrangement ended. I can see why Mr E thought that the extra couple of months of repayments could be repaid through a higher monthly repayment over the remainder of the mortgage. I say this because, on the call, the staff member gives Mr E a revised calculation of what Mr and Mrs E's mortgage payments will be going forward from December.

I've thought about whether this unclear information has caused Mr and Mrs E's any financial loss. It seems that Mr and Mrs E were able to make up the payments they had missed from October and November 2020 early the next year. By May 2021 the mortgage arrears had been cleared. I'm pleased to hear that Mr and Mrs E have managed to recover from the financial difficulties they experienced during the pandemic. It appears they have been able to remedy their position without the need for further intervention from our service with respect to the two-month zero payment arrangement that Barclays agreed in September 2020. I consider that this resolves this part of the complaint, except for recognising the distress and inconvenience caused to Mr and Mrs E by the events of this complaint.

Putting things right

I've thought carefully about the specific events of this complaint and the mistakes made by Barclays. First, it's appropriate that I consider what financial loss has come about as a result of wrongdoing by Barclays and whether any further corrective steps now need to be taken to put Mr and Mrs E back in the position they would have been in *but for* Barclays' mistakes.

Barclays did make administrative mistakes setting up Mr and Mrs E's special covid payment deferrals. This led to arrears being recorded on their credit file when they were in a special covid payment deferral. Barclays has said it has now corrected this and cleansed Mr and Mrs E's credit history of mortgage arrears from April to September 2020. I'm satisfied that this action has corrected the errors made by Barclays when it set up the original two payment deferrals.

I consider no further action needs to be taken to remedy the setting up of the two-month zero payment arrangement that followed (covering October and November 2020 mortgage payments). This has been recorded on Mr and Mrs E's credit file but I consider it reasonable that Barclays did so. I'm satisfied that it did enough to make Mr E aware that any further payment arrangement would be recorded on his credit file. I think it could have been clearer about what would happen after the two-month zero payment arrangement but Mr and Mrs E have already remedied this position by clearing the payments that had been missed early

the following year.

I've also considered the non-financial loss, such as the inconvenience and upset of this complaint on Mr and Mrs E. Mr E has spent a lot of time trying to sort things out and he's clearly been frustrated and disappointed with the service he's received from Barclays.

Barclays has already paid £100 to Mrs E for the upset caused by this complaint. Our investigator thought a further payment of £200 to Mr and Mrs E was appropriate. I agree with our investigator's view about what further compensation is fair and for broadly the same reasons.

I think it's reasonable that Barclays pay Mr and Mrs E a further £200 for the impact this matter has had. The events of this complaint caused Mr and Mrs E distress and inconvenience at a time when they had many other issues to contend with.

My final decision

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

I direct Barclays Bank UK PLC pay a further £200 for the trouble and upset its mistakes caused to Mr and Mrs E.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs E to accept or reject my decision before 5 September 2022.

Emma Peters
Ombudsman