

The complaint

Mr and Mrs S complain about the way Barclays Bank UK PLC have handled their mortgage account. Specifically, they're unhappy that the flexible features of the mortgage were removed following a payment deferral, and the impact this has had on their credit files as a result.

What happened

Mr and Mrs S have a mortgage account with Barclays. The account is linked to a Mortgage Current Account (MCA) which has a reserve limit. An MCA is a type of bank account which can be used for day to day deposits and spending. But it also comes with an overdraft facility, and any borrowing on that overdraft is secured against the property as part of the mortgage. Where the account is overdrawn, the borrowing attracts monthly interest. But provided the borrowing stays within the agreed limit, there's no obligation for the borrowers to make any payments – they are simply required to pay off all borrowing by the end of the mortgage term.

Mr and Mrs S are divorced, and Mrs S has taken responsibility for the mortgage payments. She says that as part of the divorce settlement, she needed to have removed Mr S from the mortgage, or sold the property by April 2022. Mr S has given our service his consent to consider this complaint.

Mrs S was making use of the flexible features of the mortgage, and would use the reserve facility to withdraw funds from the MCA each month after she'd made the contractual monthly payments to her mortgage (CMP). In practice this meant she was paying around £3,000 to the mortgage account each month, and then withdrawing £2,000 from the MCA.

In April 2020, Mrs S contacted Barclays and asked to take a payment deferral, which Barclays agreed to put in place for three months. This was taken under special guidance provided by the industry regulator, the Financial Conduct Authority (FCA), due to the impact on borrowers as a result of the coronavirus pandemic. In August 2020 Mrs S called again, and a further three months payment deferral was agreed. Barclays also said that as the reserve limit on the MCA had been exceeded, they'd need to increase that, and turn off the re-balancing feature of the mortgage so that the limit wasn't exceeded again whilst payments weren't being made to the mortgage.

In November 2020 Mrs S resumed making the full CMP. However, she was expecting to be able to withdraw funds from the MCA, but she found she wasn't able to. Mrs S spoke to Barclays about the issue, and they explained that the rebalancing feature of the mortgage had been turned off. Mrs S wanted to know why that had happened, and asked for it to be turned back on. Barclays told Mrs S they were looking into what had happened, and eventually explained they wouldn't be able to re-instate the rebalancing feature of the mortgage.

Mrs S complained. She wanted the flexible features of the mortgage re-instated so that she could continue to operate the mortgage in the way that she had been. She wasn't happy with the conflicting information she'd received and the amount of time it had taken Barclays to

sort things out.

Barclays issued their response to the complaint in February 2021. They apologised to Mrs S for not calling her back or responding to her emails, and awarded £150 by way of an apology. They said they weren't able to re-instate the rebalancing feature of the mortgage, as it was no longer a feature they provided. They explained what that meant was, each time Mrs S made a payment to the mortgage, the reserve balance on the MCA would no longer increase, and so she wouldn't be able to drawdown those funds. Barclays encouraged Mrs S to contact them if she was experiencing financial difficulty.

Mrs S contacted Barclays again as she didn't feel her complaint had been investigated properly, and still wanted the rebalancing feature re-instated on her mortgage. Barclays issued another response in April 2021. They said that the account handler Mrs S had spoken to in August 2020 had explained that the rebalancing feature of the mortgage had been switched off, but she didn't explain why. They apologised and said once the feature had been switched off, they are unable to switch it back on again. They also said that Mrs S would need to speak to Barclays about her situation to see what they could do to help her moving forward. They also offered £450 for the distress and inconvenience they'd caused, and apologised for the poor service.

In the meantime, Mrs S continued to have conversations over the phone with Barclays about what would happen with her mortgage accounts, but a solution was not agreed. Mrs S stopped paying the full CMP on the mortgage, and was making payments of £1,000 instead, which is the net amount she was effectively crediting to the mortgage previously after withdrawing funds from the MCA. As a result, her account began to show as being in arrears.

Mrs S brought her complaint to our service. Barclays made another offer in an attempt to resolve things for Mrs S. They offered to backdate a temporary interest only concession to the mortgage for the months of November 2020, December 2020, and January 2021, which would reduce the arrears position on the account. They wanted Mr and Mrs S to complete an up to date income and expenditure form before agreeing any further arrangements or concessions to determine what would be most appropriate in the circumstances. They said it wasn't in Mr and Mrs S's best interests to re-instate the rebalancing feature of the mortgage. But they did agree that Mrs S had not received the customer service she should have and offered to increase the payment for distress and inconvenience to £1,000.

Mrs S didn't accept this offer, and said that instead she wanted the interest only concession to be extended further. She was attempting to sell the house in order to repay the mortgage, and meet the obligations under her divorce settlement before April 2022. But she was concerned that now there were arrears showing on her credit file, she would struggle to get approved for another mortgage when purchasing a new property. As a result of her situation, she was no longer worried about the rebalancing feature being switched back on, but wanted the interest only concession instead so that her credit file was showing as being up to date with payments. Barclays did not agree to that proposal.

Our investigator considered everything that had happened, including the proposals made by both parties. Having done so, he thought Barclays' offer to put things right was fair. In summary, he felt Barclays were entitled to turn off the rebalancing feature of the mortgage in line with the terms and conditions of the account, and they didn't need to turn it back on again. He said that by March 2021, Mrs S was aware the feature was not going to be turned back on again, and so she knew she needed to make the full CMP in order to avoid going into arrears on the mortgage. He thought Barclays were acting reasonably by reporting the accurate position of the mortgage to credit reference agencies.

Mrs S disagreed with the investigator's view. In summary she said:

- She was not in financial difficulty. She asked Barclays for the payment deferral in April 2020 due to the uncertainty of how covid was going to impact businesses like hers. She said she was going to resume making the full payments in August 2020, but Barclays suggested she took another payment deferral.
- In August 2020 she was assured by Barclays that after the payment deferral, everything on the account would go back to normal and she would be able to continue operating the account as she had been previously.
- She did not tell Barclays in November 2020 that she was still struggling financially. She just wanted to know what options were available. She made the full CMP in November and December, and therefore believed her account was in credit.
- She was not unwilling to go through an income and expenditure assessment, she was told by Barclays that the problem was being looked into and she thought it would be fixed. She said she wasn't struggling to pay, she just wanted her contractual rights re-instated.
- She was only told that the feature of the mortgage could not be re-instated in April 2021. She tried to seek a solution which gave her the same cash flow requirements by applying for an interest only mortgage in her sole name, but this was not accepted.
- She now just wants her credit file 'cleansed' because she does not feel it's fair that her account should show as being in arrears. She has not been given finality of this issue whilst our service has been investigating, and therefore she doesn't think it's reasonable that she should have had to make the full CMP for all those months.
- Had the position from Barclays been clear throughout, she would have met her contractual obligations and paid the CMP. The reason she hasn't paid her CMP is not because she was unable to, but she was led to believe by Barclays that this was an administration error that would be sorted out.

Mrs S asked our service to listen to the call recordings of conversations she had with Barclays before making a decision.

Our investigator wasn't persuaded to change his opinion, so the complaint was passed to me to issue a decision.

My provisional decision

I issued a provisional decision on 17 February 2022. This is what I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint."

Did Barclays make an error in August 2020?

Both parties have provided extensive submissions on this case, and I want to reassure them that I've considered everything both sides have said carefully to determine what has happened here, and what, if anything, should be done to resolve things.

I've listened to recordings of the calls Mrs S had with Barclays in August 2020. It's clear that the payment deferral agreed in April 2020 had led to Mrs S's MCA showing as being in arrears due to the fact that no payments had been made to the mortgage account, which

took the reserve over its agreed limit. In August 2020, the call handler explained to Mrs S that the issue had been rectified, and the rebalancing feature had been turned off to prevent that from happening again.

Barclays explained that the payment deferral had come to an end, and asked Mrs S if she needed a further deferral. Mrs S said she didn't know she could have another one, and Barclays explained that she could have another three months if she needed, and guided her through the process of how to apply for this online. Mrs S applied for another three months' payment deferral which was agreed. Mrs S did ask for clarification that the account would go back to normal afterwards, and Barclays confirmed that it would. I'm satisfied that it was reasonable for Mrs S to leave those conversations with the impression that she would still be able to use the flexible features of her mortgage following the deferral.

I don't think Barclays made an error in turning the rebalancing feature off, as that was a necessary system change to prevent Mrs S's accounts from showing as being in arrears whilst the payment deferral was in place. But, I do think Mrs S should have been made aware in those conversations that Barclays wouldn't be able to automatically re-instate the rebalancing feature at the end of the deferral period. And she shouldn't have been given the reassurance that the mortgage would go back to how it was operating before the payment deferrals were agreed, as that wasn't the case. I appreciate it's possible the call handler did not realise that would be the case at the time she gave that information, but I don't think she should have given reassurance to Mrs S about something that was clearly important to her, without checking first.

I don't agree with Mrs S that Barclays encouraged her to take out the payment deferral in August 2020. I think Barclays made Mrs S aware that the option was still available to her if she needed it. Mrs S told Barclays she wasn't receiving any income other than universal credit, and did not indicate in those conversations that it wasn't something she needed. Having considered everything that happened during the interactions in August 2020, I do think Barclays could have handled things better by making the position clearer to Mrs S. Barclays shouldn't have given Mrs S the reassurance that her mortgage account would just 'go back to normal' once the payment deferral period had ended.

Is it reasonable that Barclays didn't re-instate the rebalancing feature on Mr and Mrs S's mortgage?

Initially Barclays said they couldn't switch the rebalancing feature back onto Mr and Mrs S's mortgage account because it was no longer a product they offered. But, Barclays have since told this service that they don't think switching the re-balancing feature of the mortgage back on would be in Mr and Mrs S's best interests, and they wanted to review their circumstances before agreeing a way forward to address the increased mortgage balance that had resulted from the payment deferral.

The FCA issued guidance to lenders about how they should support borrowers who had taken payment deferrals on their mortgage accounts during the pandemic. Where a payment deferral had been agreed, it meant payments that would normally have been made to the account had not been made, and so the mortgage balance was higher than it would have been had the mortgage been operating 'normally'. More interest was also charged as a result, as the balance had not been reducing whilst the deferral was in place. That meant that, if nothing else were to change, the mortgage balance would no longer be repaid in line with the original agreed term.

In order to address this, lenders were required to engage with the borrowers about their circumstances at the end of the deferral period to agree a way for the increased balance to be repaid. So, when thinking about how that guidance applies to Mr and Mrs S's mortgage

account, I don't think Barclays should necessarily have agreed to switch on the re-balancing feature at the end of the deferral period without first considering whether that was appropriate based on Mr and Mrs S's circumstances.

Unfortunately, the conversations about the rebalancing feature and what had happened as a result of the payment deferrals meant that constructive conversations about a way forward for the mortgage were not had. It wasn't until April 2021 when Barclays confirmed to Mrs S the position of the flexible features, and that she would no longer be able to access the MCA reserve, that the situation was clarified to all parties. I do think Barclays should have been able to get to the bottom of things sooner than they did. And they did give Mrs S conflicting information about what had happened in the meantime, as Mrs S was given the impression that the rebalancing feature would be turned back on.

So I've thought about what I think should have happened, had those conversations taken place at the end of the payment deferral as they should have done. Looking at the overall position of Mr and Mrs S's mortgage, the loan to value was relatively low. Mrs S was planning to sell the property or re-mortgage before April 2022 in order to comply with the divorce settlement. So, this mortgage as it currently stood was only going to be in place for around another year.

Mrs S has told our service that she was able to continue making the CMP of around £3,000, which was demonstrated in November and December 2020 when she made those payments. But I do also think that the drawdown feature was important to Mrs S. She's explained that she had certain cashflow requirements, and she also stopped paying the CMP when she realised she would no longer be able to draw funds from the MCA. Instead she paid £1,000 which was the net amount she had been paying to the mortgage each month before the payment deferrals.

Considering all the circumstances, I think the risk to Barclays of re-instating the rebalancing feature on the mortgage was low. And I think it was arguably in both Mr and Mrs S's best interests to allow them to keep operating the mortgage in the way they had been until the mortgage was redeemed.

I say this because whilst the overall balance had increased, there was a clear, and in my opinion, credible, repayment strategy for how that amount was going to be repaid in the near future – required by a court order. It also would have prevented Mr and Mrs S's mortgage account from getting into arrears. Mrs S demonstrated she could afford to keep paying into the mortgage, as long as she could continue to use the drawdown facility, by the payments she continued to make. And I think that's something that Barclays should have taken into account when thinking about the best interests of Mr and Mrs S here overall.

So, to summarise, if things had happened as I think they should have done, Barclays ought to have explained to Mrs S that they couldn't guarantee what would happen with the mortgage at the end of the payment deferral period; at the time the payment deferral period ended in November 2020, Barclays should have had a conversation with Mrs S about what would happen to the mortgage account now to ensure the balance is still repaid within the mortgage term; as a result of that conversation, Barclays ought to have re-instated the flexible features of the mortgage.

Putting things right

Things have moved on since this complaint was first raised, and as Mrs S is currently trying to sell the property, she no longer requires the rebalancing feature on the mortgage. So I've thought about what a reasonable solution would be here, bearing in mind what is fair for both parties.

If Barclays had re-instated the rebalancing feature of Mr and Mrs S's mortgage in November 2020, I'm persuaded that Mrs S would have continued to make her CMP each month, whilst also drawing down the funds from the MCA as she had been doing prior to April 2020. I say this because immediately after the deferral ended, she resumed making the CMP when she thought she would have access to the MCA reserve. And when she realised she would no longer have access to those funds, she continued to pay £1,000 to the mortgage which was the net amount she had been contributing before.

So, had Barclays handled things as I think they should have done, I don't think Mr and Mrs S's mortgage would have fallen into arrears, and it would have been reported as up to date. As Mrs S has continued to make the payments in the meantime, there has been no direct financial loss in relation to the position of the mortgage. Although I'm willing to consider both parties' views on that before I make a final decision if they think differently.

To put things right I currently think Barclays should re-construct Mr and Mrs S's mortgage account to reflect that it wasn't in arrears, and the CMP had been made each month. I appreciate this will require an update to both the mortgage account balance and the MCA reserve balance. Barclays should then update the way it's reported Mr and Mrs S's mortgage to the credit reference agencies to reflect the re-constructed position.

Barclays have offered Mrs S £1,000 for the distress and inconvenience this error has caused. Whilst I appreciate the time and energy Mrs S has spent trying to sort this matter out, I do think the offer Barclays has made is an appropriate award to recognise that. Mrs S has explained what she charges per hour for her time, and has said that because of the time she's spent dealing with this she should be due more in compensation. But our service does not recommend awards based on hourly rates – rather we look holistically at all of the distress and inconvenience that has resulted directly from the error made. And given everything that both sides have told us, I'm satisfied £1,000 is a fair amount to reflect that."

Responses to my provisional decision

Mr S wanted to know how Barclays had calculated the £1,000 for distress and inconvenience for Mrs S. He explained that Barclays' actions had caused his credit rating to plummet and he was unable to do anything about it. He said he was bombarded with letters about missed payments, and he has no idea how this will affect his financial future. He said he was feeling helpless and wants to know how Barclays are going to compensate him for the immense and completely unnecessary anxiety he was put under.

Mrs S explained that the property was sold in February 2022. She was unable to get a mortgage for a new property, and so has moved into rented accommodation. She stated that as it's a result of Barclays' error that she hasn't been able to secure a new mortgage, she would like to be reimbursed for the additional costs she's incurred. She says the rent she's paying is more expensive than interest on a mortgage would have been, and she will also need to move house again once she's able to get a mortgage – which will incur more costs. As the accommodation she's now in is more modest than her last home, she's had to put her furniture into storage which has created further costs. In total, she estimates that the unnecessary costs she's incurred as a result of Barclays' actions is around £35,000.

Barclays didn't agree with my provisional decision. They said that following the payment deferrals, the overall credit limit on Mr and Mrs S's mortgage and MCA had increased by around £5,000. Therefore, it would have been irresponsible of them to increase the MCA limit on a permanent basis. They didn't have up to date details about Mr and Mrs S's income and expenditure, and they weren't aware of the divorce settlement either.

Barclays also provided some calculations of the re-constructed mortgage and MCA accounts

to show what the position would have been, had the rebalancing feature been turned back on. This showed that the MCA still would have been above the limit for the months of March, June and September in 2021. Barclays explained that when a borrower exceeds the MCA limit, the rebalancing feature is turned off, and they would reach out to the borrower to explore options to help them with their financial difficulty. So, as Mr and Mrs S's mortgage would always have exceeded the MCA limit, they would have lost the flexible features of the mortgage in any event.

Barclays explained that Mrs S was required to engage with them at the end of the payment deferral to discuss how the balance would be made up. The payments would have had to increase to ensure the mortgage was repaid within the agreed term. Or, a term extension would have had to have been agreed which would have been dependent on receiving details about Mrs S's income and expenditure which she refused to complete. Barclays said it was clear from Mrs S's actions that she couldn't afford the mortgage. They said even if they'd turned the rebalancing feature back on then arrears still would have accrued as Mrs S didn't engage with them about how the additional balance would be paid. As a result, they don't agree to amend the credit file.

What I provisionally decided – and why

Both parties provided extensive submissions that contained new points or arguments that our service had not yet commented on. As a result, I issued another provisional decision to give all parties the final chance to comment on my decision before I issued a final decision. This is what I said.

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint, including the additional comments made by both parties.

Firstly, whilst I have thought carefully about what Barclays have said, I'm still satisfied that the rebalancing feature of Mr and Mrs S's mortgage should have been turned back on after the payment deferral period. I agree with Barclays that Mrs S needed to engage with them about how the additional balance that had accrued as a result of the deferral would be repaid. But in the conversations Mrs S did have with Barclays during that period, she was being led to believe that the changes to the account had been made in error, and that the account would go back to normal once that was sorted out. I think it was Barclays' responsibility to establish what had happened to the mortgage, and what needed to happen next, in line with the guidance issued by the FCA. But that didn't happen.

Had that happened, as explained in my provisional decision, given Mr and Mrs S's plans for the mortgage (i.e. that they would either sell the house or re-mortgage before April 2022), Barclays ought to have agreed to turn the re-balancing feature of the mortgage and MCA back on, and either the monthly payments should have been adjusted to cover the additional balance, or the term ought to have been extended to allow the payments to remain as they were. I don't think it's reasonable for Barclays now to say that Mr and Mrs S's mortgage would still have been in arrears even if that had happened, as Mrs S was not aware of the 'true' picture of the mortgage and so was not in a position to adjust the payments as required. So, I'm still satisfied that Barclays should amend the way the mortgage has been reported to credit reference agencies to show that there were no arrears after the payment deferral had ended.

Financial losses

Mrs S has explained that as a result of Barclays' actions, she's incurred additional costs of around £35,000. These are the costs associated with the fact she hasn't been able to get

another mortgage, and has had to move into rented accommodation. Mrs S has also kindly provided our service with copies of her credit file which show the impact that Barclays' reporting of arrears on the mortgage account has had on her overall credit score.

I've thought carefully about this, but unfortunately whilst I appreciate it will come as a disappointment to Mrs S, I don't think it would be reasonable for me to instruct Barclays to cover those costs.

Mrs S was always planning to either sell the house or re-mortgage before April 2022. And whilst I appreciate her plan was to purchase another property with the help of a new mortgage, there are several factors that play a part in whether an application for a mortgage is successful or not. Whilst I have seen evidence that the arrears Barclays had reported on the mortgage account would have impacted her creditworthiness, I don't think that's sufficient for me to say that had Barclays' error not occurred, Mrs S definitely would have been able to get the mortgage she wanted, for a house that was large enough to contain all of her belongings, within the timeframe she was working to. There are too many variables for me to say that the losses Mrs S has claimed are a direct result of Barclays' actions only.

Also, I'm mindful of the fact that Mrs S was aware of her situation and had always planned to move house, and apply for another mortgage before April 2022. Mrs S has told this service she could have afforded to make the monthly payments to the mortgage, but she didn't because she wanted her contractual rights re-instated. Whilst I do understand her reasons for that, given the potential implications of not being able to get a new mortgage whilst her credit file was showing mortgage arrears, she had an opportunity to mitigate the losses she's now claiming for, but she chose not to do so. Mrs S did not know what the outcome of this complaint would be, but she did know that Barclays were reporting her mortgage account as being in arrears, and she would have known that would impact her ability to get a new mortgage. But she still chose not to make her monthly payments in full. As a result, it would not be fair for me to expect Barclays to pay for the additional costs that have resulted from that.

Distress and inconvenience

Mr S has explained to this service how Barclays' actions have impacted him as well as Mrs S. Having considered what he's said, I do think Mr S suffered some distress as a result of Barclays not switching the rebalancing feature back on. Mr S was being notified of arrears on the account and the fact this was impacting his credit file. Mr S had an agreement in place with Mrs S that she would maintain the mortgage payments until it was redeemed before April 2022. So I think it would have been concerning for him to have received those letters about the account. Mr S's credit file was affected as a result of Barclays' actions, which has caused Mr S concern. Whilst this will be rectified as a result of this complaint (should Mr and Mrs S accept my decision), the uncertainty of this has been there for some time. As a result, I think it would be reasonable for Barclays to pay Mr S £150 in recognition of that.

Putting things right

In summary, to put things right I think Barclays need to do the following:

- Retrospectively re-construct Mr and Mrs S's mortgage account, and MCA, to reflect that it wasn't in arrears, and the CMP had been made each month.
- Update the way it's reported Mr and Mrs S's mortgage account, and MCA, to the credit reference agencies to reflect the re-constructed position.
- Pay Mrs S directly £1,000 for the distress and inconvenience caused (unless this has

already been paid).

- *Pay Mr S directly £150 for the distress and inconvenience caused.”*

Responses to my second provisional decision

Barclays accepted the second provisional decision. They also said they did as much as they could at the time to support Mr and Mrs S. They have acknowledged and taken on board the feedback in relation to the service elements that could be improved in managing customer expectations, however their policies are in place to ensure that as a financial institution, they consider risks to protect the customer and to ensure they are acting responsibly.

Mr S did not accept the decision. He wanted to know how the compensation had been calculated and said that as the complaint has been going on for over a year the £150 only works out to 50p per day. He said that is an insult when you consider how much money Barclays has generated from the 20 years of them being their customer. Mr S said it was only fair Barclays compensate them for at least the time costs they have caused in this matter in addition to the stress and anxiety their actions have caused to the both of them. He said stress and anxiety claims often reach over £100,000.

Mrs S responded and said, in summary:

- It wasn't until February 2021 that she had any idea the rebalancing feature wouldn't be turned back on – as until that point she had been given assurances that there had been an error made.
- It was only in April 2021 that Barclays confirmed the rebalancing feature would not be turned back on and she had reached the end of their complaints process.
- She only became aware in March 2021 that this situation might have impacted her credit file as she was advised to check it by a member of staff at Barclays.
- Barclays offered to treat the mortgage as interest only for November, December and January. But that still would have left February and March with no changes being made and so mortgage arrears would have been reported. And the problem hadn't been sorted by then. Mrs S said that in order to avoid any arrears being reported on her credit file, she would have had to have been told in January what the position was in order to avoid arrears being reported in February and March by making the payments. She said she didn't have enough clarity at that point about what was going on. By the time she was aware of it, it was already too late.
- Mrs S acknowledged what I'd said about there being no certainty she would have been able to obtain a mortgage if this error had not occurred, but Barclays' conduct had ensured she could not get a new mortgage. She said being precluded from even applying cannot be equivalent to an uncertainty as to whether an application would have been successful.
- She said she had a very high deposit available to her, which was in excess of £500,000. So she would only have needed a mortgage with a loan to value ratio of less than 50% which made her a very attractive borrower.
- She wanted confirmation that Barclays will take active steps to ensure that all relevant credit reference agencies are communicated with to report the amended data, and what timeframe they will be instructed to do so.

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 carefully considered the responses provided by all parties, my decision remains the same.

I'm still satisfied Barclays should adjust the mortgage account and the way the account was being reported to credit reference agencies from the time the mortgage fell into arrears, until it was repaid in full. That puts the mortgage account back into the position it would have been in, had Barclays done things as I think they should have done for the reasons I've already explained in my provisional decisions.

But I'm still not persuaded Barclays should have to pay for the costs Mrs S incurred by renting a property instead of buying one. I appreciate what she's said about the fact she didn't have the opportunity to mitigate her loss for the months of February and March 2021 – as she didn't know that Barclays weren't going to sort the problem out for her. But after that point, she knew what Barclays' position was, and she chose not to make her full monthly mortgage payments over the course of a year.

Mrs S redeemed the mortgage in February 2022, within the timeframe she had always intended. She had already known she wanted to apply for a new mortgage at that point, and I think it's reasonable to expect that she would have known that not making her full monthly mortgage payments would impact her credit file, and therefore her ability to get a new mortgage. Despite that, Mrs S chose not to make those payments in order to mitigate any potential future losses. As a result, it wouldn't be reasonable for me to expect Barclays to cover the costs she's asked them to pay for.

I appreciate Mr S feels the distress and inconvenience award I've provisionally instructed Barclays to pay is not sufficient to compensate for the time lost as a result of the problems caused by Barclays, or the stress caused. As I previously explained, our service does not use a 'calculation' to work out compensation amounts based on time spent. Rather, we look at the direct impact the error or problem has had on each individual affected. Whilst I do think Mr S would have experienced some distress finding out his credit file would have been impacted due to payments not being made to the mortgage, I've not seen that he's been put to any further inconvenience as a result.

So whilst I appreciate it will come as a disappointment to Mr and Mrs S, I'm not satisfied it would be reasonable for me to award any further redress than I'd already set out in my provisional decision.

Putting things right

In order to put things right I think Barclays need to do the following:

- Retrospectively re-construct Mr and Mrs S's mortgage account, and MCA, to reflect that it wasn't in arrears, and the CMP had been made each month.
- Update the way it's reported Mr and Mrs S's mortgage account, and MCA, to the credit reference agencies to reflect the re-constructed position.
- Pay Mrs S directly £1,000 for the distress and inconvenience caused (unless this has already been paid).
- Pay Mr S directly £150 for the distress and inconvenience caused.

The changes made to the mortgage account, and the MCA – and the way this is reported to credit reference agencies must be completed within one month of this decision being accepted by Mr and Mrs S.

My final decision

Considering everything, for the reasons I've explained, I uphold this complaint and instruct Barclays Bank UK PLC to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 15 July 2022.

Kathryn Billings
Ombudsman