

The complaint

Ms H and Mr W complain about their mortgage with Barclays Bank UK PLC. They complain Barclays misled them about the term of the mortgage, and didn't return the property deeds when it was paid off.

What happened

Ms H and Mr W have had a number of mortgages. The one that's the subject of this complaint is a buy to let mortgage with Barclays, which was paid off in 2021.

Ms H and Mr W say that they like to manage their mortgages by having them on repayment not interest only terms, but over the longest possible term. This keeps the contractual monthly payment as low as it can be while repaying the mortgage – meaning that they've got some flexibility in case of problems with things like tenants paying rent. But wherever they can, they make overpayments.

Ms H and Mr W complain that Barclays has mis-managed this mortgage. They say that they understood that the term of the mortgage ended in 2030. But in fact it was paid off in 2021. They say that means that Barclays has been requesting higher monthly payments than it needed to – and this has caused them financial difficulty. They wanted to reduce their payments to reduce their outgoings, but Barclays calculated their monthly payments as if the term ended in 2021 not 2030.

Ms H and Mr W also complain that when the mortgage was paid off, Barclays didn't release the property deeds to them. It said they needed to pay a £275 fee. It didn't tell them that to start with, and even when they did pay the fee it delayed in releasing the deeds. They also don't think the fee is fair.

Our investigator didn't think that Barclays had mis-managed the mortgage. But she thought that its communication with Ms H and Mr W had been confusing and had caused them distress. She said it should pay them £450 compensation. Barclays accepted that, but Ms H and Mr W asked for an ombudsman to review their complaint.

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.

Ms H and Mr W have two buy to let mortgages with Barclays – this one, which has now been paid off, and another which is ongoing. That mortgage is the subject of a separate complaint with our service, and in this decision I am focussing solely on the mortgage which was paid off in 2021.

I've thought very carefully about this complaint – not least because I know how important it is to Ms H and Mr W. I'm grateful to them for sharing with me their views of the complaint and the details of their particular circumstances and the personal difficulties they've faced. I'm sorry to hear about everything they've been through, and I know how important it is to bring

resolution to this complaint.

There are two main issues here – the first is about the term of the mortgage, and the second is about what happened when it was paid off in 2021.

I do agree that there has been a lot of confusion here. How Barclays has communicated with Ms H and Mr W, and the explanations – or lack of explanations – it has given them has not helped matters. However, I'm satisfied that I do now have a good understanding of what has happened with their mortgage over the years, and it might help for me to set out some of that history here.

The mortgage was taken out in 2007, over a term of 23 years – expiring in 2030 – as a buy to let mortgage on repayment terms.

Over the years since 2007, Ms H and Mr W have been in contact with Barclays on several occasions to make changes to the mortgage. In brief, these are:

- October 2008 – Ms H enquired about changing the mortgage term. But no changes were actually made.
- December 2008 – the mortgage term was reduced to nine years, ending in 2017.
- September 2010 – the mortgage term was reduced further, to end in 2015.
- February 2011 – the mortgage term was reduced again, ending in 2014.
- April 2011 – the term was changed to ten years, ending 2021, and the mortgage was converted to interest only.
- April 2011 – Ms H and Mr W took a further advance on the mortgage, with the further advance on a five year term.
- May 2011 – the mortgage was changed back to repayment with the term of the main mortgage ending in 2021.
- February 2012 – the term of the further advance was reduced to two years six months, but the term of the main mortgage was kept the same.
- August 2013 – part of the main mortgage was converted to interest only.
- December 2014 – the mortgage was converted back to repayment.

Ms H and Mr W have therefore made many changes to their mortgage since they took it out, though not in recent years. The last change was in 2014, when the mortgage was converted back to repayment terms with a term ending in 2021.

I've also looked at the history of the payments Ms H and Mr W have made over the years, and again these are consistent with the term of the mortgage ending in 2021 – as in fact happened.

However, it's also clear that on several occasions Barclays has told Ms H and Mr W that the mortgage term ended in 2030. This is not true, and I'm satisfied it's not true – after 2014, the term was due to end in 2021 and did in fact end in 2021.

So I've looked at why Barclays sometimes told Ms H and Mr W that the term ended in 2030

when that was not in fact the case.

The mortgage was taken out in 2007, and at that time the term was 23 years, so the mortgage was originally due to end in 2030.

In 2007, Barclays was using an older computer system to manage its mortgages. Newer mortgages are on a newer computer system, but older mortgages like this one continue on the old system.

The front screen for mortgages on the older system, like this one, includes various pieces of information – including the expiry date of the mortgage. But that's the original expiry date, as it was when the mortgage was taken out. If the term is changed later, the mortgage and contractual monthly payments are changed (as happened here) but the front screen of the entry on the computer system continues to show the original term expiry date.

That means that sometimes when Ms H and Mr W rang up Barclays and spoke to staff members, or when staff members wrote to them in response to questions from Ms H and Mr W, those staff members looked at the front screen and quoted what it said there – which was the original term end date from when the mortgage was taken out rather than what it was amended to. But at other times staff members gave them the correct information.

I can therefore understand why Ms H and Mr W found it confusing and upsetting to be given conflicting information about when their mortgage ended.

And, in particular, Barclays (wrongly) told them several times in 2020 and 2021 that the term ended in 2030. Ms H and Mr W therefore came to believe that this was the case. And they didn't understand why, therefore, they were paying enough to pay the balance off by 2021 – and felt that they had been overcharged, their payments could have reduced, and that would have eased some of the financial pressure on them.

In fact, that wasn't the case. Their mortgage was due to end in 2021 because of the changes they'd made years before. So the payments were set at the right level, and the mortgage rightly was paid off at the end of the term.

What all this means is that Ms H and Mr W's mortgage operated properly, as it should. They paid the right amount of money each month and their balance was cleared at the end of the term. Barclays has not operated their mortgage wrongly.

What Barclays did wrong was failing to communicate this to Ms H and Mr W. It led them to believe that the term was longer. This meant they thought they were overpaying, their mortgage had been mis-managed, and Barclays had caused them unnecessary financial strain they could have avoided.

None of this was true. But the misleading information they were given led them to believe it was true. And this caused them substantial upset – especially in view of their already difficult circumstances – and I think it's fair Barclays compensates them for the upset caused.

Ms H and Mr W also said that Barclays lied to them and to us – because it told them the term of the mortgage could be changed “like flicking a switch”, but then said it couldn't.

I don't think there's evidence Barclays lied. Rather, its processes have changed over the years. When Ms H and Mr W made changes to this mortgage in the years before 2014, it treated changes to the term as a relatively straightforward administrative matter. But more recently it requires a full application to be made, including checking that the change of term is affordable and appropriate. I think that's reasonable.

Once the mortgage was paid off, Ms H and Mr W asked Barclays for their deeds back. They also wanted the charge removed from the Land Registry so that they could look at re-financing the property. Barclays didn't initially release the deeds or remove the charge. This was because there was a mortgage exit fee which Ms H and Mr W also needed to pay.

They didn't pay that fee for some time – they disputed that it was fair or that they needed to pay it.

I'm satisfied that this fee was properly charged. It's a standard fee – it's very common for mortgages to include a fee of this nature payable at the end of the mortgage. It covers the lender's administrative costs in retrieving the deeds (if held), discharging the charge and closing the mortgage account down.

The fee was set out in the mortgage agreement. It was payable at the end of the mortgage – whenever that is – and isn't a charge or penalty for repaying early. It's an administrative fee. It's a reasonable fee to charge, and I don't think it was unfair that Barclays wanted Ms H and Mr W to pay it before it would release the deeds or remove the charge. Once they did pay the fee, Barclays removed its charge and sent Ms H and Mr W the deeds.

Putting things right

Overall, then, I don't think Barclays acted unfairly in charging the mortgage exit fee and not releasing the deeds or removing the charge until it was paid.

I do think the repeated confusion over the term end date meant that Ms H and Mr W ended up being uncertain about the term of their mortgage, and believing that it was longer than it was – and that they'd been paying too much as a result.

Ms H and Mr W have asked me to consider requiring Barclays to compensate them for financial loss. In particular, they've said that the relatively high repayments on this mortgage impacted the profitability of their property portfolio as a whole. This was compounded when a tenant left another of their properties, and left them feeling they had no choice but to sell the other property – even though it was one they'd invested in and wanted to keep – because of the financial pressure. They also say that they had to borrow, both on an overdraft and from friends and family, to keep up with the payments on this mortgage – which was expensive and embarrassing. And they say that because of the stress that resulted, they were unable to face refurbishing another property, meaning they lost rent and had to pay extra council tax in the meantime. The delay in Barclays removing its charge after the mortgage was repaid impacted them looking at re-financing this property.

I've thought about what they've said here. But I'm not persuaded that Barclays caused them financial loss.

That's because, as I've said, their mortgage operated as it should have done. They were paying the right amount for the term to end at the right point, as they'd requested would happen in 2013/14. The term wasn't in fact up to 2030, and Barclays wasn't asking them to pay more than the correct contractual monthly payment. Therefore, Barclays isn't responsible for the financial problems Ms H and Mr W experienced in making the payments they needed to make.

It's possible Ms H and Mr W could have applied to Barclays to extend the term – and it's also possible it would have been more likely they'd have done that if Barclays had been clearer with them about what the term actually was. But there's no guarantee that application would have been successful, and I can't see that Ms H and Mr W discussed it with Barclays. As I say, Barclays now applies stricter criteria to requests like that. So I don't think I can fairly say

the confusion about the term end caused their financial difficulties either.

And finally the mortgage was paid off when it should be – and the £275 fee was properly charged. Once Ms H and Mr W paid that, Barclays removed its charge and returned the deeds. So I don't think it caused unreasonable delay here either.

However, I do think Barclays should compensate Ms H and Mr W for the upset and stress caused by the confusion and poor communication about the term. I agree that £450 compensation is fair in all the circumstances.

My final decision

For the reasons I've given, my final decision is that I uphold this complaint and direct Barclays Bank UK PLC to pay Ms H and Mr W £450 compensation, including any previous offers made in this case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H and Mr W to accept or reject my decision before 23 November 2022.

Simon Pugh
Ombudsman