

## **The complaint**

Mr W complains that Barclays Bank UK PLC didn't offer support when he had financial difficulties due to the Covid-19 pandemic. He says he had to sell his property and asks that Barclays refunds the early repayment charge (ERC).

## **What happened**

Mr W says his income dropped due to the pandemic. Barclays agreed payment deferrals for six months, but Mr W was still experiencing financial problems when this ended. He says Barclays:

- didn't offer suitable support. While it said he could make interest only payments for six months this was on the basis he made higher payments afterwards. Mr W said he couldn't afford this and didn't know if the pandemic would be over by then.
- put many of his calls on hold, failed to call him when it said it would, sent texts about arrears without a contact, and didn't respond appropriately to his complaint.
- applied an ERC. He said he wasn't aware of the ERC when he took out the product (which wasn't the product he'd selected online). He had to decline offers for the property as he needed to sell it for enough to cover the ERC.

Our investigator said while Mr W said selling the property was his last resort, this didn't mean Barclays had to waive the ERC. The investigator said Barclays had failed to return Mr W's calls. She said it should pay £200 for the upset this caused, which it agreed to do.

Mr W said, in summary, he hadn't been treated fairly and would never recover from the financial loss this caused.

## **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.

Barclays agreed payment deferrals, in accordance with the regulator's guidelines, for March to August 2020. Unfortunately, when this ended Mr W was still experiencing financial difficulties and couldn't meet his contractual monthly payments. He says he contacted Barclays multiple times to ask for help.

Barclays says it searched its records and provided all available call recordings. Mr W says he made more calls for which Barclays hasn't provide recordings. While I understand Mr W's frustration about this, I have enough information and evidence to reach a fair decision.

I should explain that where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

*Did Barclays respond fairly when Mr W asked for support during his financial difficulties?*

Barclays agreed to payment deferrals for six months, including August 2020. Mr W asked about switching to interest only payments in mid-September 2020. Barclays said this was possible as a temporary measure, and he'd need to provide income and expenditure information and discuss this with the team dealing with requests for support.

Unfortunately, I don't have recordings of Mr W's calls with this team. But based on what Mr W has said and other available information, I don't think Barclays treated Mr W unfairly when he asked for support during his financial difficulties.

Mr W said the basis on which Barclays offered a temporary switch to interest only payments was unfair. This was because it said payments would increase after this ended to cover the capital that wasn't repaid during this period. Mr W says he didn't know if he'd be back on full salary in six months and felt under pressure to commit to payments that were unaffordable on his current (lower) income. While Mr W later said Barclays told him he had to repay the capital in a lump sum, I think this is unlikely and it isn't consistent with Mr W also saying it told him monthly payments would increase. Most likely, Barclays said this was an alternative.

I think it was fair for Barclays to explain that Mr W should expect payments to increase following a period of interest only payments. This was necessary if the mortgage was to be repaid within its term. I don't think it was unfair for Barclays to tell Mr W he could make a lump sum payment instead if he was able to do so.

I think it was fair for Barclays to offer support on the basis Mr W was experiencing short term difficulties related to the pandemic. If Mr W was still having difficulties at the end of the interest only payments period, I'd have expected Barclays to discuss with him at that time what further support it could offer.

Mr W says Barclays declined his request for consent to let the property. Mr W was living in the property and there's no evidence he made an application for consent to let. If Mr W wanted to look into his options, such as letting the property rather than selling it, moving to interest only payments for six months would have given him time to do so.

*Was Barclays' service appropriate?*

Mr W made a complaint to Barclays on 24 September 2020. He said he'd asked about interest only payments but no-one had got back to him. He said he was selling the property but had been told there was an ERC of £8,000. He said this would leave nothing for him. He said he'd looked into switching to buy to let and needed to be contacted by someone who can allow this. Mr W said to resolve his complaint he wanted Barclays to reduce the ERC to something more affordable or for someone to call and offer other options.

In late October 2020 Barclays sent a series of texts saying it wouldn't waive the ERC. The texts also said if Mr W wanted to convert the mortgage to buy to let he'd need to contact a mortgage adviser and make an application. It gave a contact number for Mr W to call if he was in financial difficulties.

Mr W said sending short texts isn't a good enough response to his complaint. As complaint handling isn't itself a regulated activity this isn't something I can look into unless it affects the resolution of the underlying problem. I don't think that was the case here. The texts did address Mr W's main concern – whether Barclays would waive all or part of the ERC – and how to go about converting to buy to let terms.

Mr W says he made multiple attempts to contact Barclays to discuss his options. He says he

was passed around departments and told someone would call him back. There's little evidence to support this. Mr W was able to discuss a temporary switch to interest only payments with Barclays (albeit he didn't like the basis on which this was offered). He was told how to start the process of applying to convert to buy to let. And he received a response to his request for the ERC to be waived well before his planned completion date. While Mr W says texts about his arrears didn't have contact details, he was able to contact Barclays.

But there was some poor service here – which Barclays accepts. I've listened to the call recordings and there were call backs that didn't happen, Mr W was put on hold during calls and transferred to other teams. Some of this was unavoidable, as Mr W did need to speak to specialist teams, for instance to discuss his request to make interest only payments. But this happened during what must have been a difficult time for Mr W. His income was affected by the pandemic and he was selling his home. I think it's fair that Barclays pays compensation for the additional upset its poor service caused during this time. I think, in the circumstances, £200 is fair and reasonable.

*Is it fair to require Barclays to refund the ERC?*

Mr W took out a five-year fixed interest rate product in 2019. This product included an ERC. Mr W agreed to this when he took out the product. Mr W repaid the mortgage and Barclays applied the ERC, as it was entitled to do under the mortgage terms and conditions.

Mr W says this is unfair. He says he was forced to sell the property, and he'd wanted a different product with a lower ERC.

Mr W says he tried to take out a product online in 2019 with a smaller ERC. Barclays said it wasn't possible for Mr W to take out a product online due to the type of mortgage he had, and there was also a discrepancy with his postcode. Mr W disputes this, saying he'd taken out a product online before. However, regardless of the reason Mr W was unable to take out a new product online, he did take out a new product. This was the product in place when he repaid the mortgage. The ERC is clearly set out in the product offer sent to Mr W. If he wasn't happy with this, he could have declined the product.

I don't think Barclays was responsible for Mr W's decision to sell the property. I think it was fair for Barclays to explain that following a period of interest only payments Mr W would need to make additional payments or higher monthly payments to repay the capital. While Mr W says Barclays should have offered other options, I think accepting interest only payments for six months would have allowed Mr W time to see what happened with his income and to look into what options he might have, such as letting the property.

Barclays was contacted by Mr W's solicitor in late September 2020 for a redemption statement, so it seems Mr W had already started the process to sell the property. Mr W might well have thought that selling the property was his best – or even his only option. But I don't think it's fair to say that he had to do so because Barclays treated him unfairly. If Mr W didn't want to sell the property at that time, he could have switched to interest only payments and decided later what to do.

In the circumstances, I don't think it's fair and reasonable to require Barclays to refund all or part of the ERC or pay further compensation to Mr W.

### **My final decision**

My decision is that I uphold this complaint. I order Barclays Bank UK PLC to pay £200 to Mr W, as it agreed to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 9 August 2022.

Ruth Stevenson  
**Ombudsman**