

The complaint

Mr G1, Mrs G and Mr G2 are unhappy with how they've been treated by Barclays Bank UK PLC (Barclays) in relation to their buy-to-let (BTL) mortgage.

What happened

Mr G1, Mrs G and Mr G2 took out an interest only BTL mortgage with Barclays in 2008. The mortgage term was ten years, so was due to expire in 2018.

Barclays wrote to Mr G1, Mrs G and Mr G2 in the months leading up to the end of the mortgage term, to remind them of this and confirming the outstanding balance due. After not hearing from them, Barclays rang and spoke to Mr G1 in April 2018. Following on from this, Mr G1 and Mrs G applied for a re-mortgage with Barclays, however this was declined on the basis that the application didn't meet Barclays' lending criteria.

Mr G1, Mrs G and Mr G2 were unhappy and complained that Barclays had made errors in the lead up to the mortgage ending. They said they had notified Barclays of a change of address in 2014 but that Barclays hadn't updated their contact details. They said that this had led to them not receiving the correspondence from Barclays informing them the term was coming to an end and that this had prejudiced them.

They referred a complaint about this to the Financial Ombudsman Service. An Ombudsman here issued a final decision in August 2019. In summary, the Ombudsman said they didn't think Barclays had made an error as it didn't have a record of receiving the letter informing it of the change of address. They also said they were conscious that Mr G1, Mrs G and Mr G2 would've been aware of how long the mortgage was due to run for when they agreed it, as this was set out in the original mortgage offer. They also said that even if an application had been made earlier, it wouldn't likely have been accepted, because the application didn't meet Barclays' lending criteria in a number of areas, including the loan to value (LTV). Taking everything into account, the Ombudsman didn't uphold the complaint.

It looks like any collections activity had been paused pending the outcome of the case, however it seems that the mortgage continued after the final decision had been issued.

Then, in May 2020, Mr G1, Mrs G and Mr G2 received a letter dated January 2020 informing them that the current rate they were on was due to end and would automatically switch to a variable rate. Over the course of the next month or so, Mr G1 made several attempts to contact Barclays over the telephone and via letter. He said he made a number of attempts to call where he was waiting for such a long time, he'd needed to give up and try another time.

He did manage to get through to speak to someone mid May and was told that the mortgage was due to end in 2038. Understandably, Mr G1 wanted to try to get this clarified and confirmed, since it was the first he'd heard of this and contrary to what he had understood (that the mortgage term had finished and that the mortgage balance needed to be repaid). However, his further attempts to engage with Barclays on the topic were fruitless. When he rang a different department (as suggested was necessary by the person he'd been able to speak with over the phone at Barclays) he failed the security questions and couldn't

therefore find out more about the situation and his options.

In August 2020, Mr G1, Mrs G and Mr G2 received an offer on the BTL property, which had been on the market. They accepted the offer, however the sale value wasn't enough to cover the mortgage balance. Mr G1, Mrs G and Mr G2 used other funds to fully repay the mortgage balance.

Mr G1, Mrs G and Mr G2 then received further correspondence from Barclays suggesting they needed to make further repayments, despite the balance having been cleared. They then received further correspondence suggesting that an amount on the mortgage was overdue.

At this point Mr G1 and Mrs G wrote a letter of complaint to Barclays. In summary, they complained that it had been very difficult trying to make contact with Barclays and they hadn't received a response to any of the letters sent since May 2020. They said they'd needed to sell the property because they had felt pressured into repaying the mortgage for fear of any consequences should Barclays have demanded repayment in full. They also complained that their solicitor had struggled to obtain a final redemption fee prior to the sale of the property and also about the customer service issues they'd experienced, in terms of the difficulties making contact.

Barclays issued a final response letter in November 2020. In summary, it said that it couldn't see any letters had been received on the system and so it didn't think it had made any error. It said it had received written requests for a redemption statement from the solicitor and sent this to them. It also said however that it was offering Mr G1 and Mrs G £150 for not addressing the complaint in a timely manner.

Mr G1 and Mrs G referred their concerns to the Financial Ombudsman Service. They said that in addition to the points already raised, their solicitor still hadn't received confirmation from Barclays that the mortgage had been discharged.

Barclays issued another final response letter in February 2021. In summary, it accepted there had been an error in terms of the correspondence sent saying there was still an outstanding balance when the account had in fact been in credit. It confirmed the charge on the property had been released. Barclays offered another £50 to apologise and to reflect the distress and inconvenience caused by this, bringing its total offer of compensation to £200.

Mr G1 and Mrs G were pleased that the charge on the property had finally been released. However, they remained unhappy as they didn't think Barclays had fully investigated all of their concerns.

An investigator here reached a view. In summary, they said that as they hadn't seen evidence to show the letters Mr G1 had sent had been sent recorded delivery, he couldn't say that Barclays has made an error by not responding to them. In terms of the difficulties Mr G1 had faced trying to get in contact with Barclays by phone, he thought this was probably affected by the pandemic and again he couldn't say Barclays had made an error.

The investigator accepted that the correspondence Mr G1, Mrs G and Mr G2 received after they'd cleared the balance would've been confusing and was unnecessary, but they didn't think that there was any pressure from Barclays. They said that after receiving the Ombudsman's final decision in relation to the previous complaint, Mr G1, Mrs G and Mr G2 would've known that Barclays couldn't assist with any re-mortgage and that the balance needed to be repaid.

Taking everything into account, the investigator recommended that Barclays increase the

£50 it awarded in the second final response letter, to £250 – bringing the total amount of compensation to £400.

Barclays accepted the investigator's recommendation. Mr G1 and Mrs G did not. In addition to re-emphasising points they'd previously made, they said that Barclays should've offered e-mail as a way of communicating about the mortgage. Regarding the letters sent, these had all been recorded delivery and signed for. They also said they'd never received the first final response letter with the offer of £150.

The investigator acknowledged what Mr G1 and Mrs G had said about the letters having been sent recorded delivery, but noted that no evidence had been provided to show this. They also said that even if Barclays had responded to the letters, nothing fundamental in the situation would have changed in that the mortgage balance still needed to be repaid. The investigator sent Mr G1 and Mrs G a copy of the first final response letter containing the offer of £150.

In response, Mr G1 and Mrs G provided evidence that the letters had been sent to Barclays by recorded delivery and signed for. They re-iterated why they thought Barclays ought to have agreed to extend the mortgage at the end of the original 10 year term and confirmed that they still didn't accept the Ombudsman's decision to the contrary. They said they were also worried that Barclays might be reporting some kind of adverse information against them, which might affect their ability to obtain future credit.

The investigator forwarded to Barclays the evidence of the letters from Mr G1 having been signed for, asking for its comments. Barclays response was that it couldn't provide a specific reason why none of the letters were showing in the system.

The investigator issued a further view on the complaint. They said they were satisfied from the evidence provided by Mr G1 and Mrs G that Barclays ought to have received the letters and responded to them. So, he considered what should've happened if Barclays had engaged with the letters. The investigator still thought this wouldn't have made a difference to the overall situation, for the same reasons i.e. Barclays had already told Mr G1, Mrs G and Mr G2 that it wouldn't agree to a re-mortgage. So Barclays not responding to the letters couldn't be said to have forced Mr G1, Mrs G and Mr G2 to sell the BTL property. The investigator said he still thought that Barclays should pay a total of £400 compensation to reflect what had happened.

Mr G1 and Mrs G said they still thought the £400 wasn't enough, but would accept the amount, provided it came with an apology from Barclays. The investigator put this to Barclays and didn't hear anything back. Mr G1 and Mrs G then said they wanted to escalate the matter, so the case was passed to me to decide.

Following an initial review of the key correspondence, I asked the investigator to ask Barclays whether it would be prepared to issue a letter of apology, as this might then resolve matters. Barclays responded saying it had sent a letter of apology to Mr G1 and Mrs G and it provided a copy of the letter.

I asked the investigator to share this with Mr G1 and Mrs G, alongside my initial thoughts, based on reading the key correspondence. In summary, I said that I couldn't comment on the matters decided by another Ombudsman in 2019. And that from what I'd seen, whilst I could understand that the customer service issues and correspondence from Barclays post sale of the property would've caused confusion and upset, I didn't think it could be said that Barclays had caused Mr G1, Mrs G and Mr G2 a financial loss. I said that based on what I'd reviewed to that point, I thought the £400 compensation seemed about right and I asked Mr G1 and Mrs G if they were now prepared to consider the matter resolved, given that

Barclays has sent a letter of apology.

Mr G1 and Mrs G replied to say they hadn't seen the letter of apology before and that they had doubts about its authenticity. They said they didn't think I'd fully understood their complaint and set out why they thought Barclays has caused them a financial loss in terms of the shortfall from the sale and loss of rent. They said they were disappointed that I was letting Barclays off extremely lightly, which they thought was unacceptable. They asked what Barclays has put in place to avoid similar problems happening in the future and asked a number of other questions, which they hoped I'd provide answers to.

I gave Barclays an opportunity to provide any final comments by 3 November 2022. Nothing further was provided, so I've gone on to review the case and decide the outcome.

I noticed that Mr G2 hadn't joined in the complaint and he subsequently provided his authority for this.

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 done so, I still think don't consider that Barclays has caused Mr G1, Mrs G and Mrs G2 a financial loss. I also find that £400 represents a fair amount of compensation for the frustration and upset caused to Mr G1 and Mrs G by the problems with Barclays' customer service and its poor administration of the mortgage account. I'll explain why.

Before I do, I want to set out my role as an ombudsman. It isn't to address every single point that's been made or question that's been asked to date. Instead, it's to decide what's fair and reasonable given the circumstances of this complaint. And for that reason, I'm only going to refer to what I think are the most salient points when I set out my conclusions and my reasons for reaching them. But, having read all of the submissions from both sides in full, I will continue to keep in mind all of the points that have been made, insofar as they relate to this complaint, when doing that.

To decide this complaint, I need to determine whether Barclays caused Mr G1, Mrs G and Mrs G2 a financial loss and also consider the impact on them, where things have gone wrong.

Has Barclays caused Mr G1, Mrs G and Mr G2 a financial loss?

Mr G1, Mr G and Mr G2 argue that Barclays caused them a financial loss, because the difficulties they encountered making contact about the mortgage and Barclays failure to respond appropriately to Mr G1's letters led Mr G1, Mrs G and Mr G2 to feel pressured into selling the BTL property. I appreciate they feel strongly about this issue, however, I don't find this to be a credible argument, for a number of reasons.

First, in each of the letters Mr G1 sent to Barclays by recorded delivery, the first being in May 2020, he states that their intention is to sell the property. Logically, this immediately undermines any argument that Barclays' lack of response to any of the letters, can be said to have led to Mr G1, Mrs G and Mr G2 feeling pressured to sell the property – in that it was clearly already their intention to do this.

Any pressure Mr G1, Mrs G and Mr G2 felt to sell the property already existing from the situation as they understood it – that their mortgage had come to an end and Barclays was

not prepared to offer a new or extended mortgage (which another Ombudsman's decision previously covered – and which it's not appropriate for me to comment on or interfere with in any way).

If anything, the suggestion that the mortgage may in fact be running to 2038 could only reasonably have served to have reduced any pressure that Mr G1, Mrs G and Mr G2 felt to sell the property.

In conclusion, I do not find that Barclays caused Mr G1, Mrs G and Mr G2 any financial loss.

The impact of Barclays' poor customer service and administration of the mortgage post sale of the BTL property

Mr G1 has provided evidence to show that he sent a number of letters recorded delivery that were signed for and yet Barclays has no record of receiving them. Barclays has not been able to provide a reason as to why none of the letters are showing on its systems.

It's unclear what happened here. I would expect Barclays to have responded to letters they received. I can certainly understand Mr G1 and Mrs G's frustration at having received confirmation that letters they'd sent had been received and then not receiving any response. As above, I cannot reasonably conclude this caused them a financial loss, but I accept it will have caused quite a bit of frustration and disappointment.

I also accept that Mr G1 had difficulty making contact with Barclays over the phone and may well have endured some long wait times. However, it's likely that this was at least in part a consequence of the affect of the pandemic. Mr G1 wasn't being treated differently to any other customer and I can't reasonably say that delays in being able to get through on the phone represent an error as such. I also appreciate that Mr G1 considers that Barclays ought to have provided him with an e-mail address to make contact. However, there was no requirement for Barclays to offer e-mail contact in the way Mr G1 would've liked. So, I also don't consider that this represents any kind of error.

Barclays has accepted it made errors in the administration of the mortgage account and the associated correspondence it sent to Mr G1, Mrs G and Mr G2 after the balance of the mortgage had been cleared. I can understand and accept that being asked to continue making payments towards a mortgage they believed had been cleared and possible consequences arising from this e.g. to do with their credit file, caused Mr G1, Mrs G and Mr G2 unnecessary confusion and worry.

Taking everything into account, I think a figure of £400 represents fair compensation to reflect the impact of Barclays' errors on Mr G1, Mrs G and Mr G2. I appreciate that Mr G1, Mrs G and Mr G2 consider it to be a miserly amount and that this represents "letting Barclays off lightly". However, it is not within my remit to punish a business. I need to consider what is an appropriate figure of compensation, to reflect the impact of the errors.

I consider £400 to be appropriate and in line with our approach to compensation payments, more details of which can be found on our web-site.

Finally, Mr G1, Mrs G and Mr G2 have expressed concern that their credit file may have been impacted in some way in relation to the correspondence they received saying they still owed money on the mortgage, despite having cleared the balance. Barclays has confirmed to them that nothing remains owed and that the mortgage has been fully discharged. If Mr G1, Mrs G and Mr G2 consider in the future that Barclays has in some way reported inaccurately about the status of the mortgage to credit reference agencies, they should raise this with Barclays in the first instance.

Putting things right

Barclays should pay Mr G1, Mrs G and Mr G2 a total of £400 in compensation. If any has already been paid, they only need to make up the difference.

My final decision

My final decision is that I uphold Mr G1, Mrs G and Mr G2's complaint about Barclays Bank UK PLC and I direct it to do what I've set out above under 'putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G, Mrs G and Mr G to accept or reject my decision before 6 December 2022.

Ben Brewer
Ombudsman