

The complaint

This complaint is about outstanding arrears on a mortgage Mr and Mrs L hold with Barclays Bank UK PLC (“Barclays”).

What happened

During the coronavirus, Covid-19, pandemic (“the pandemic”) Mr and Mrs L requested payment deferrals on their mortgage. Barclays granted the deferrals from April 2020 to September 2020, but Mr and Mrs L continued having problems meeting their contractual monthly payments (“CMPs”) after this.

Mr and Mrs L made part payments between October 2020 and March 2022. But, as Mr and Mrs L weren’t meeting their CMPs in full, they accrued arrears on their account. According to the most recent statement provided the arrears total around £16,540.48.

Mr and Mrs L complain Barclays is being unreasonable because it hasn’t accepted either of their proposals to clear their arrears. Mr and Mrs L have offered to pay £137.84 a month for 120 months, or for the arrears to be added to their mortgage balance and repaid over the life of the mortgage. They say Barclays keeps asking them to complete Income and Expenditure assessments but doesn’t do anything with them. That Barclays hasn’t factored in the impact all of this has had on Mr L given his ongoing health issues. And, that one of Barclays’ advisers laughed at Mr L on the phone.

Barclays issued a final response letter in July 2022 and said it didn’t think Mr and Mrs L’s proposed repayment plan was sufficient considering the disposable income they have. It said Mr and Mrs L would continue to be chased for the arrears until a suitable plan was in place. But Barclays did offer Mr and Mrs L £300 in compensation for the phone call Mr L had with its adviser.

Mr and Mrs L didn’t accept Barclays’ response, so they brought their complaint to this service. Our investigator considered Mr and Mrs L’s concerns, but they thought Barclays’ offer was fair in the circumstances. As Mr and Mrs L remain unhappy, the complaint was referred to me to consider.

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 don’t think Mr and Mrs L’s complaint should be upheld and I’ll explain why.

It’s expected that consumers are treated fairly under the Mortgage and Home Finance Conduct of Business. And in addition to this, the Financial Conduct Authority (“FCA”) gave additional advice to businesses about how to treat customers who struggled to meet their CMPs during the pandemic.

Looking into what happened, Mr and Mrs L were granted six payment deferrals in line with the recommendations made by the FCA. The deferred payments will have been built back into their outstanding loan balance, which is why their CMPs went up shortly after the payment deferrals ended. So, I'm satisfied Barclays treated them fairly and in line with the FCA's guidance at the time.

Following this, Mr and Mrs L only made part payments for around 18 months, except for one payment that was made in full. Unlike the payment deferrals agreed as part of the FCA's pandemic guidance, any arrears accrued due to the part payments would need to be kept separate from the mortgage balance. This is why Barclays is unable to accept Mr and Mrs L's proposal to add the arrears to the mortgage.

Mr and Mrs L have been receiving correspondence about their arrears including letters that advise them their home could be repossessed. I know Mr and Mrs L are unhappy about this, but they didn't make their full CMPs for a significant period of time. In these circumstances, the arrears are immediately due as they should have already been paid in order to maintain their mortgage agreement. So, Barclays will correspond with them until this is resolved.

Barclays is within its rights to request the arrears be paid in full, but instead, it is offering to set up an arrangement so Mr and Mrs L can clear the arrears over a set period of time. In order to set up a repayment plan, Barclays has to complete an Income and Expenditure assessment with Mr and Mrs L. I'd like to point out that any lender would likely require the same in these circumstances.

I appreciate Mr and Mrs L think Barclays has completed this process a few times now and that it still hasn't agreed a repayment plan, but it's often necessary to complete the process a few times to ensure the plan is appropriate by the time it is put in place. Particularly given Mr and Mrs L and Barclays have been unable to agree on a monthly repayment amount.

From what I've seen, Mr and Mrs L haven't been prepared to pay an amount that Barclays thinks is acceptable. Mr and Mrs L have proposed paying back the arrears with low payments over a long period of time. But, considering what I've said above, that Barclays could demand the arrears be repaid in full, I don't think Barclays' decision not to accept Mr and Mrs L's long-term suggestion is unreasonable.

I say this because Mr and Mrs L have provided information about their regular outgoings a few times now, and their disposable income appears to be greater than the amount they're prepared to pay Barclays to clear their arrears. Mr L has said that any sum greater than the £137.84 a month they've offered would be difficult for them. But Mr L hasn't given much of an explanation as to why. The Income and Expenditure assessments they've completed should be an accurate reflection of what they will need to spend on a monthly basis. So, the remaining funds should be available and Mr and Mrs L will be expected to use as much of that as possible to clear their arrears as soon as possible.

I've thought about what Mr L has said about his health condition and I understand that this situation is causing him significant stress. It must be a very difficult time for both Mr and Mrs L, but I still don't think there's much more Barclays can do. Ultimately, Mr and Mrs L need to pay back the arrears they owe, or they risk losing their home. Barclays will continue to correspond with them until a suitable arrangement has been reached to try and avoid that happening. So, I think it would be in Mr and Mrs L's best interests to contact Barclays again to reach a suitable arrangement.

Mr L has also complained about the phone call he had with a Barclays' adviser, specifically that he was laughed at during the call. Barclays has already accepted the adviser's behaviour was inappropriate and offered Mr and Mrs L £300 to say sorry for that. I haven't got a copy of the phone call to listen to, but as Barclays has accepted what Mr L has said about the call, and I think the crux of the complaint is really about the repayment plan, I'm satisfied Barclays' offer is reasonable in the circumstances.

In summary, while I empathize with Mr and Mrs L's situation, they still owe Barclays for the arrears they accrued over the period they were unable to meet their CMPs in full. I think Barclays has attempted to work with them to resolve the issue and considering everything, I think Barclays has treated Mr and Mrs L fairly in terms of that. But Barclays has offered some compensation for the way its adviser handled a call with Mr L and Mr and Mrs L can let us know if they now wish to accept that. In the meantime, if Mr and Mrs L want to avoid any further problems, I think they should contact Barclays again and arrange a suitable repayment plan for their arrears.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs L to accept or reject my decision before 17 January 2023.

Hanna Johnson
Ombudsman