

## **The complaint**

Mr and Mrs S complain Barclays Bank UK PLC ("Barclays") has given them a number of different redemption figures for their mortgage and home improvement loan.

## **What happened**

Mr and Mrs S purchased a new property on 8 March 2022 and ported their existing mortgage products to the new property.

Shortly afterwards, Barclays sent letters dated 8 and 9 March to Mr and Mrs S explaining that they hadn't paid enough to redeem their mortgage and home improvement loan in full. Mr and Mrs S contacted their solicitor to find out what was going on and were advised their solicitor had sent the wrong amount.

Their solicitor confirmed how much more they would need to pay, but Mr and Mrs S said this didn't match the amount Barclays had referenced in its letters. From what Barclays said, they estimated they would have to pay around £1,000 more than their solicitor thought they should.

Mr and Mrs S say their solicitor tried to get Barclays to explain the difference a number of times, over several weeks, but didn't manage to resolve the situation. So, Mr and Mrs S made a formal complaint.

Barclays reviewed the complaint, but it seems Mr and Mrs S received a different customer's final response letter. Mr and Mrs S say they then received compensation of £200 without any further explanation. So, Mr and Mrs S were still unsure how much they needed to pay. They say the situation has been stressful, particularly for Mrs S who has a mental health condition.

Barclays reviewed Mr and Mrs S' complaint again after it was brought to this service. It has explained that in addition to the shortfall owed from Mr and Mrs S' solicitor's payment, an early repayment charge ("ERC") of £718.99 was payable because Mr and Mrs S paid off more than 25% of their loan and 25% is the maximum allowed to avoid an ERC. So, the amount Mr and Mrs S still have to pay is £4,800.20 in total. Barclays offered an additional £150 to say sorry for the confusion caused.

Our investigator informed Mr and Mrs S of Barclays' offer, but as they didn't accept it, a view was issued setting out the investigator's findings. They thought the compensation should be increased to £450 to acknowledge the length of time it took to get the right figures, that incorrect figures were sent on multiple occasions, and that Barclays had sent Mr and Mrs S a final response letter unrelated to their complaint.

Barclays accepted the investigators findings, but as Mr and Mrs S remained unhappy, the complaint was passed to me to decide.

## **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 think the complaint should be upheld. I'll explain why.

A final redemption statement was sent to Mr and Mrs S' solicitor on 28 February 2022. The statement said Mr and Mrs S would need to pay £272,373.99 to redeem both accounts in full. This figure included the full ERCs on both the main mortgage account and home improvement loan, which Mr and Mrs S' solicitor understood they wouldn't have to pay because they were porting both products. After deducting the ERC amount, their solicitor's calculation was incorrect, and they underpaid by around £4,100.

Barclays has since explained its terms and conditions in relation to porting, which confirms that if a customer paid off more than 25% of their outstanding mortgage, reducing the ported amount to less than 75%, an ERC will still be payable. And, as Mr and Mrs S ported less than 75% of their home improvement loan to their new property, Barclays completed a calculation to work out what portion of the charge would apply.

Mr and Mrs S need to pay an ERC of £718.99, in addition to the shortfall created by their solicitor's underpayment. Barclays say the total figure is £4,800.20, which is around the amount I would expect it to be.

Barclays issued a letter on 8 March 2022 which quoted a sum of £3,755.46 outstanding. I note another letter was sent on 9 March that confirmed the final balance may not reflect any final fees. So, I don't think this figure included the £275 mortgage exit fee Mr and Mrs S were required to pay. If you add that fee to the sum quoted, the balance is around the same amount Mr and Mrs S' solicitor underpaid by, not including the ERC.

Barclays then sent a letter on 30 March 2022 to say it had tried to contact Mr and Mrs S about the shortfall on their mortgage and warned them that interest would accrue on the account. I think this is likely why the future redemption statements they received quoted different amounts. For example, on 19 April 2022 they were sent an illustrative redemption statement which said they owed £5,070.89 plus a £275 mortgage exit fee. I think it's more likely than not this figure included the ERC and also additional interest.

Looking at the call notes recorded by Barclays, Mr and Mrs S' solicitor spoke to it on 21 March 2022 and said an ERC had been applied when it shouldn't have been and asked for a closing statement. The notes don't reference that the solicitor had underpaid as well, just that Mr and Mrs S had ported their mortgage and therefore shouldn't have to pay the ERC.

Then on 6 April 2022, Mr and Mrs S' solicitor spoke to Barclays again and the calls notes say they enquired about whether the matter was resolved. It appears the call handler reviewed the main mortgage account which had been paid off in full and thought the account should therefore have been closed. They sent an internal message for this to be done. And the notes suggest the solicitor accepted this at the time.

On 22 April 2022 Mr and Mrs S' solicitor wrote to Barclays to say they had called multiple times and have been given different figures to settle the account. They wanted Barclays to confirm precisely how much was due and how this had been calculated. The letter also said it believed the matter was resolved following its call on 21 March, until Mr and Mrs S had been in touch to say Barclays had asked them to pay £4,800.20.

The information discussed in the calls varies from Barclays call notes to the timelines provided in the solicitor's letter. I've thought about this and I think it's likely the call notes are more reliable as they were recorded on the days the calls took place. Either way, it's clear to me that the call handlers Mr and Mrs S' solicitor spoke to didn't have the full picture when they confirmed the account statuses.

Mr and Mrs S' solicitor was aware that they had underpaid regardless of whether an ERC was chargeable or not, so they ought reasonably to have known the matter was not resolved and it doesn't appear as though they communicated this from what the notes say. I think the letter the solicitor sent supports this, as they have said they thought everything was resolved even though it couldn't have been.

I think it's more likely than not the call handler only checked the main mortgage account which had been repaid in full and was fully ported to Mr and Mrs S' new property. The home improvement loan was the larger of the accounts and it was this account that had a remaining balance on it, and that an ERC was applied to.

I appreciate Mr and Mrs S' solicitor says they gave Barclays both account numbers and so this mistake shouldn't have happened, but I still think they had enough information at the time to correct the call handler's understanding of what had gone wrong. This may have allowed them to get to the bottom of the misunderstanding with the ERC on the loan.

Following this, Barclays sent a final redemption statement on 6 May 2022, again quoting a different amount of £5,814.15. By this point, Mr and Mrs S had already been informed of the correct amount of £4,800.20. But I appreciate they weren't sure they could rely on that figure given the other figures they continued to receive.

So, from what I've seen, the original error by Mr and Mrs S' solicitor was compounded by Barclays because it didn't properly explain that a portion of the ERC on the home improvement loan would be payable. Had this been explained, the matter could have been resolved much sooner as Mr and Mrs S would have understood how much they still needed to pay and why.

Barclays was not responsible for their solicitor's mistake. And I can't see that any payment was made to resolve this issue while the other concerns were being discussed. So, I think Barclays would have been applying interest to the shortfall, although it appears to have waived this as it's only asking for the same amount of £4,800.20.

The complaint was upheld on 3 June 2022 and £200 was offered to say sorry for any distress and inconvenience caused. It's not clear whether Mr and Mrs S received the letter as they say the £200 appeared in their account without any explanation. So, it's understandable if Mr and Mrs S still didn't know what information to rely on. In addition, Mr and Mrs S received a final response letter intended for another customer, and I think this will have given them further cause for concern.

Barclays has already acknowledged all of these issues in the offer it made directly to this service and increased its award to £350. It's since accepted our investigators view and increased the offer to £450 in total and considering everything I think the total compensation Barclays has agreed to pay is fair and reasonable in the circumstances.

I say this because, I don't think communication between all parties was clear at times. Only a small portion of the outstanding balance was relevant to the misunderstanding with the ERC. The majority of it remained due to a mistake on Mr and Mrs S' solicitor's part. I appreciate it would have been frustrating receiving several different figures in an attempt to finally close the account, and I think the situation could have been resolved much sooner than it was. But I think £450 is higher than we would usually award in similar circumstances. And Mr and Mrs S haven't been charged additional interest even though, putting aside the ERC, they have owed Barclays around £4,100 for several months as a result of their solicitor's mistake.

I understand Mr and Mrs S have queried the overpayment listed on some of the statements they've received. And it seems they now believe this amount is owed to them. I can't consider that as part of this complaint – Mr and Mrs S would need to raise it with Barclays first. But it might be helpful if I explain that any overpayments made would usually have been added to the account balances at the time, and therefore built into the redemption statement. In most cases, it wouldn't mean funds are owed by the bank, or that the figure should be deducted from a final redemption amount.

To be clear, Mr and Mrs S owed Barclays a final redemption sum of £4800.20. The figure includes the outstanding amount due following their solicitor's underpayment on 8 March 2022, plus £718.99 which is the percentage of the ERC applicable to their home improvement loan because they ported less 75% of it. Mr and Mrs S should make arrangements to pay this sum to Barclays if they haven't already.

### **Putting things right**

Barclays Bank UK PLC should:

- Pay a further £250 to Mr and Mrs S.

### **My final decision**

For the reasons I've explained above, my final decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 9 March 2023.

Hanna Johnson  
**Ombudsman**