

The complaint

This complaint is about a buy-to-let (BTL) mortgage portfolio Mrs J and Mr R hold with Barclays Bank UK Plc. They complain of accounting errors, and information gaps, on their mortgages, in particular those which are operated on a legacy computer system. The mortgages are in joint names and both borrowers have brought the complaint; all of our dealings however, have been with Mr R.

What happened

The events leading up to, and arising out of, the complaint are complex and the evidence in the case is immensely detailed, running to nearly 2,000 pages of documents. I've read everything, and it's apparent that some parts of the evidence are less relevant to the underlying case than others. There are also a lot of duplicated documents and repetition of arguments.

In what follows, I have, by necessity, summarised events in rather less detail than has been presented. No discourtesy's intended by that. It's a reflection of the informal service we provide, and if I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint. This approach is consistent with what our enabling legislation requires of me.

It allows me to focus on the issues on which I consider a fair outcome will turn, and not be side-tracked by matters which, although presented as material, are, in my opinion peripheral or, in some instances, have little or no impact on the broader outcome.

Our decisions are published and it's important that I don't include any information that might result in Mrs J and Mr R being identified. Instead I'll give a summary in my own words (and rounding the figures where relevant) and then focus on giving the reasons for my decision.

The complaint started in 2020, after Mrs J and Mr R found what they thought were errors and miscalculations on the statements for several of their mortgages. After a protracted and frustrating (for them) time, Barclays issued a final response in February 2019, accepting it had made errors, due to the way overpayments were applied on its system. It offered an apology, details of the amendments it had made to put things right, and compensation for Mrs J and Mr R's time and trouble. Unfortunately, by then, they had received their latest annual statements, and found further errors in the most recent period.

Mrs J and Mr R referred their complaint to us; they told us they had sold two of the properties and repaid the mortgages even though the balances were still wrong (too high). Those sales and redemptions had been held up when their solicitor hadn't been able to get responses from Barclays in a timely fashion. This was added to the complaint, along with problems getting hold of interest certificates from the bank for tax purposes, and then subsequently delays in registering the redemptions at HM Land Registry. It seems also that Barclays' interactive voice recognition system didn't recognise the passcodes Mrs J and Mr R use for the seven "legacy" accounts.

Barclays issued follow-up final responses in June and July 2021 respectively; The former refunded interest incurred due to the redemption delay and offer £100 compensation. The latter offered a further £250 compensation and promised to look into the latest set of accounting errors on the 2020 statements. Also, in July 2021, Barclays wrote to say it was changing the way it applied overpayments to its mortgage accounts.

In September 2021, Barclays issued a final response to deal with the problems with the 2020 statements; it said it was attaching new calculations and offered £400 compensation. Mr R told us the calculations were missing; he also said that they were still experiencing problems trying to make overpayments even after Barclays had told them everything had been fixed. In October 2021, at our suggestion, Barclays agreed to escalate Mrs J and Mr R's situation to senior management.

Meanwhile, Mr R told us his credit score was going down after Barclays recorded missed payments for October and November 2021, and asked that we order Barclays to pay redress for loss of opportunity. In November 2021, Barclays started sending out arrears letters; Mrs J and Mr R said Barclays should be made to waive all the mortgages balances in their entirety. We asked Barclays to hold arrears recovery activity whilst we looked at the complaint.

In December 2021, Mr R told us he was turned down for a credit card due to adverse information on his credit file. This was added to the complaint, as was the absence of a current phone number for BTL mortgages from an arrears letter and a failure to return a phone call from Mrs J and Mr R. Our investigator asked Mr R for additional information to help assess his claim for lost opportunity, which he had assessed at a little over £20,000 at this point. Mr R also mentioned that he'd been turned down for re-mortgages onto better rates on three BTLs that were with a different lender.

Towards the end of December 2021, Mr R sent us evidence indicating that the credit file reporting was back up to date. However the following month, he sent us a screenshot of an alert saying there were missed payment on the Barclays mortgages again. Also, in January 2022, we finally received Barclays' response to our investigator's enquiries. I'll summarise the main points below:

- When a borrower overpays, the legacy system applied the money to the contractual payment first and then the rest went to an overpayment balance. The overpayment balance reduced the debt but provided no interest benefit, resulting in detriment to the borrower;
- Barclays had introduced a new improved system in September 2021 and a remediation team was working through all affected borrowers' account (so, not just Mrs J and Mr R's) to put things right, going back to the early 2000s. The regulator of financial businesses, the Financial Conduct Authority (FCA) was aware of the remediation programme and was being updated periodically;
- Borrowers wishing to overpay should either use a direct debit for the normal payment and a separate arrangement for overpayments, or alternatively separate standing orders for the normal payment and overpayment respectively. Otherwise there was a risk of a single payment (if it were for more than three times the normal payment) being treated as a part redemption, and the normal payment being reported as missed.

Barclays said it wasn't appropriate to appoint a single point of contact to manage Mrs J and Mr R's mortgages and said that if they repaid the mortgages by re-mortgaging to different lenders, they'd be expected to pay any early repayment charges (ERCs) due under the account terms.

In March 2022, Barclays began sending out letters showing the results if the remediation

exercise; it sent a separate one for each affected account, and Mr R repeated a long-held frustration, first expressed at the outset, at having to reconcile each one with only an account number to refer to, rather than the address of the relevant mortgaged property, in each case.

In August 2022, Barclays issued another final response letter, the aim of which was to try and summarise and “wrap up” all of its previous individual responses into a single document. But it also said it couldn’t rule out the possibility of problems in the future.

In September 2022, our investigator issued his view on the core issues of the complaint as it first reached us; these were:

- interest calculations on the statements for 2019 and 2020;
- statements not including the property address;
- the charging of a mortgage exit fee on one of the redeemed mortgages;
- delay in issuing a redemption statement;
- delay in registering the discharge at HM Land Registry after redemption;
- delay in issuing tax statements; and
- the bank’s phone system not recognising six-digit account numbers.

The other elements of Mrs J and Mr R’s complaint were separated off into a second complaint.

On the bullet points listed above, the investigator concluded that, for the most part, Barclays had taken reasonable steps to remedy its mistakes, offering a little under £1,600 compensation in total. The exception was that when Mrs J and Mr R’s previous direct contact had left the bank, it hadn’t arranged a successor; the investigator recommended Barclays do so now, to resolve the complaint.

Mrs J and Mr R asked for the case to be reviewed by an ombudsman. On the finding about the redemption statement delay, they reiterated it was about two redeemed accounts, not just one. The investigator acknowledged this, but said the compensation Barclays had offered for the issue (£100 out of nearly £1,600 in all) was enough for both.

What I’ve decided – and why

I’ll start with some general observations. Although I’ve read and considered the whole file, I’ll keep my comments to what I think is relevant. If I don’t comment on any specific point it’s not because I’ve failed to consider it but because I don’t think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what’s fair “in the round”.

We have no regulatory function; that’s the role of the Financial Conduct Authority; nor are we a consumer protection body. We’re an alternative dispute resolution body; an informal alternative to the courts for financial businesses and their customer to resolve their differences. A great deal of what Mrs J and Mr R have said in their submissions is about Barclays’ internal systems and processes, but they’re regulatory matters that fall outside my remit.

Also, we don’t simply pick up and run with individual issues as they occur; if that were the case, complaints would in effect become open-ended moving targets and risk never being brought to a conclusion. Some of the matters Mrs J and Mr R are still expressing concerns about here are already being examined in a separate complaint. Meanwhile, events such as

new incidences of missed payments being reported in on credit file in late 2022 would have to be referred to Barclays to address first, before we can be involved in them.

I appreciate that might not be what they wish to hear, and I can see how their frustration has only grown over time as new problems have arisen, but it's how our rules require us to operate.

In order that there's no ambiguity, my decision here deals solely with the same specific issues as the investigator's view from September 2022, which are:

- interest calculations on the statements for 2019 and 2020;
- statements not including the property address;
- the charging of a mortgage exit fee on one of the redeemed mortgages;
- delay in issuing a redemption statement;
- delay in registering the discharge at HM Land Registry after redemption;
- delay in issuing tax statements; and
- the bank's phone system not recognising six-digit account numbers.

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, my conclusions on what a fair settlement of this long running dispute should be are broadly the same as the investigator's. That is, Barclays should furnish Mrs J and Mr R with a direct contact who can help them manage their accounts going forward. But the cumulative compensation it has either paid or offered for the things that have gone wrong historically is fair "across the piece". However, I will add some further comment, to provide some context.

Having no regulatory power means I can't tell Barclays to add the addresses of mortgaged properties to its BTL mortgage statements. I appreciate Mrs J and Mr R find it irksome only account numbers to cross-reference when reconciling their affairs, but it's beyond my remit to order the information they would like to see be added to the statements. Likewise, it's not within my remit to tell the bank to change its telephone system to recognise the six-digit account numbers used on its legacy system.

Mrs J and Mr R feel the compensation for time, trouble and upset regarding the problem with redemption statements doesn't cover the time their solicitor spent trying to get the information in order to redeem the mortgages. My role is to assess whether, and if so how much, compensation is due *Mrs J and Mr R*, as they are the complainants here. I can't award compensation to their solicitor for being inconvenienced, and I've not seen evidence of the solicitor having billed them extra to reflect additional time spent on this issue.

This is very much a subjective area; everyone reacts to and perceives things differently, especially "in the moment". But I have to assess things objectively. When I do that, I find the cumulative compensation from Barclays for the issues I've covered here to be fair in all the circumstances. As we have explained previously, we don't generally compensate people's time by reference to a professional hourly rate.

I said at the outset that I wouldn't be commenting on every single point, and I haven't. I have, as I said I would, confined myself to those matters that I consider have a material effect on the outcome. I can see from its submissions the intensity with which Mr R has brought the complaint on behalf of himself and Mrs J. He sees error or wrong-doing in almost everything the bank has done (or not done).

That's a natural, subjective reaction, and entirely understandable. It's also natural to emphasise individual statements or comments that appear to support a particular viewpoint, whilst at the same time paying less attention to those that support the opposite viewpoint. Be that as it may, I have to take a different approach. I'm impartial and I have to look at things objectively, sometimes taking a step back from the minutiae and focussing on the broader picture.

I'm aware this decision only covers part of their wider dissatisfaction with Barclays, but it wouldn't be right for me to pre-empt the outcome of the other complaint they already have with us, or indeed any other complaint they've yet to formalise. Lastly, however much I understand they'd like it, no resolution from this service for what they have complained about up to now can future proof Mrs J and Mr R against what may or may not happen going forward.

My final decision

I uphold this complaint in part, in that I direct Barclays Bank UK Plc to:

- provide Mrs J and Mr R a nominated direct point of contact to help them manage their accounts; and
- pay any portion of the compensation that has been offered for the issues covered in this decision but not yet paid.

I make no other order or award. My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further consideration or discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J and Mr R to accept or reject my decision before 21 February 2023.

Jeff Parrington

Ombudsman