

## **The complaint**

Mr and Mrs C complain that Barclays Bank UK PLC has treated them unfairly when it provided incorrect information on the balance of their mortgage account.

## **What happened**

On 6 April 2022 Mr C called Barclays to enquire about the balance outstanding on the mortgage and the monthly repayments. He explained he had made some overpayments within the last 12 months and he thought, based on the remaining term and the contractual monthly payment amount, that he might end up paying more than the balance outstanding. He believed the outstanding balance to be around £9000 and he was paying just over £740 per month with less than 2 years left on the mortgage term.

Barclays telephone agent looked at the mortgage balance and could see the overpayments made, these totalled just over £10,000. The overpayments were showing separate to the mortgage balance. The mortgage balance the agent could see showed a balance of £9769.03. He asked Mr C if he'd like to use the overpayment balance to clear the mortgage as he didn't believe this had already been applied to it. Mr C was happy to do this and have the mortgage repaid early and he was transferred to another agent to complete the transaction. Mr C needed to make a payment of £34 by card as the final payment and Barclays then cancelled the direct debit mandate. Finally, a bottle of champagne was sent by Barclays to Mr and Mrs C to congratulate them on repaying their mortgage.

On 11 April 2022, Mr C called Barclays to question whether the redemption had been completed, he could still see the balance for the account showing on his Barclays app. Barclays agreed to look into this.

On 25 April 2022, the contact notes show that Barclays attempted to call Mr C to explain an error had been made. Barclays had provided Mr C with incorrect information during the call on 6 April 2022. The overpayment balance had already been applied to the outstanding mortgage balance and couldn't be applied again. So it had provided incorrect information when it said the balance could be repaid and instead, a balance of around £10,000 remained on the account.

This was all explained to Mr C when he raised his complaint on 26 April 2022. In this call Mr C was told there was still a balance remaining on the mortgage and this would need to be repaid. The repayment amount had been adjusted to reflect the overpayments being applied.

Mr and Mrs C say as a result of believing the mortgage had been repaid, they cancelled their life insurance policy and they feel it is only fair that Barclays honour its mistake and repay the mortgage balance. They don't think it is fair that they need to pay this when Barclays said it had been repaid and even sent a bottle of champagne to celebrate this milestone.

Barclays sent its final response on the complaint to Mr C and Mrs C on 17 August 2022. It said it was sorry that incorrect information had been provided when Mr C called in April to discuss the overpayments. It explained how this happened but that the outstanding balance on the mortgage now showing was correct and it had changed the contractual monthly

payment amount to reflect the overpayments and the amount of time left for the balance to be repaid. Together with the apology, it paid £500 to Mr and Mrs C for the distress and inconvenience of the matter.

Our investigator looked at the complaint and said that she felt the actions Barclays took to put things right were fair as the amount it offered together with its apology was in line with what she'd expect it to do. But thought Barclays needed to make sure that it didn't record any negative information on Mr and Mrs C's credit file as a result of their missed payments while the outstanding amount was disputed.

She said that it was fair to expect that Mr and Mrs C continue to repay the outstanding balance on the mortgage but that Barclays remove any adverse information from Mr and Mrs C's credit file as a result of the missed payments during the dispute.

Mr and Mrs C disagreed and asked that the complaint be looked at by an ombudsman. Barclays provided no response to the view.

They said they've been incurring interest on the balance of the mortgage while the complaint about the error has been looked into. They feel this has disadvantaged them as they are now paying more in interest than they would have. They feel it is fair that Barclays now accept the mortgage is repaid and write off any outstanding balance.

Our investigator said the interest had been applied in line with the mortgage conditions and so she didn't think it was fair to ask that Barclays refund or adjust the interest added. As her opinion remained the same, the complaint was passed to me for decision.

### **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.

I'm upholding this complaint in part, as our investigator did. I know Mr and Mrs C will be disappointed by this, but I'll explain why I don't think it is fair to ask Barclays to write off the outstanding balance on their mortgage.

Barclays doesn't dispute that it gave Mr C incorrect information about his mortgage and the remaining balance when he called on 6 April 2022. But it thinks its payment of £500.00 to put things right is fair. It doesn't think Mr and Mrs C have lost out financially and they are in the position they would have always been in had no error occurred.

I think it is understandable why Mr and Mrs C are disappointed to learn that the information given to them was incorrect. And being told by two different Barclays employees that the balance could be repaid with the previous overpayments would have meant it likely Mr C believed this to be correct. The fact Barclays also sent a bottle of champagne only adds to this and Mr and Mrs C would have believed the account had been repaid.

However, it was only a few days after Mr and Mrs C were told the mortgage had been repaid that they questioned if there was an issue. Mr C called on 11 April 2022 to question why the balance on his mobile app was still showing – this was broadly the same as the previous balance. Barclays said it would look into this and it was identified that an error had been made.

Within three weeks, on 26 April, during a call with one of Barclays members of staff, Mr C was told what the outstanding balance was on his account and why he needs to pay this. The adviser explained the direct debit had been cancelled so payment would need to be

organised again, with a lower monthly repayment amount as this had been adjusted to take account of the capital repayment.

It was during this call that Mr C raised a complaint. He believed the error made by Barclays to be significant and said as a result of the wrong information being provided, he's already cancelled his life insurance. He also said plans had now been made for the monthly mortgage money that Mr and Mrs C now believed they had spare, so it wouldn't be as simple as having the mortgage direct debit reinstated and the monthly payments made. However, from this point onwards though, I think it is fair to say that Mr and Mrs C were aware that their balance had not been repaid.

A few days after the complaint was first raised, Mr C received a call from Barclays complaints team who attempted to resolve the complaint. It asked for more information about the plans Mr C said he had put in place for the monthly mortgage money but Mr C was unwilling to provide this detail. Without this the call handler said the level of severity couldn't be established and she, on behalf of Barclays, was only prepared to offer £150 to say sorry for the misinformation being provided. She confirmed again that the balance of the mortgage did need to be repaid and what the new monthly payment would be.

Mr and Mrs C haven't provided us with any information to show what plans they say were put in place after 6 April, in regard to the monthly mortgage money. But they have provided a copy of a direct debit cancellation notice from their life insurance providers. This was dated 8 April and demonstrates they had cancelled the direct debit as they said. But the cancellation notice also allows for this to be reinstated, if this is done within 60 days of the instruction being cancelled. So when, less than three weeks later, Barclays confirmed it had made an error and that the outstanding balance remained, I think Mr and Mrs C had time to reinstate their life insurance and put the protection back in place if they wished to do so.

As Mr and Mrs C haven't provided any other details about their plans for the monthly mortgage payment money, I don't know if anything was set in stone immediately after Barclays mistake. In the absence of this, much like Barclays said at the time, I cannot consider the severity of this and whether it was reasonable to increase this.

Mr and Mrs C were aware of the error made in the information given to them within three weeks of the mistake. I think the impact of the error here is significant and Mr and Mrs C are understandably upset at realising their mortgage is not repaid and the additional disposable money they felt they had each month has changed. But I think the offer of £500.00 to put things right is fair. The balance of the mortgage remains and Mr and Mrs C should speak with Barclays to make sure their monthly repayment is set up going forward to repay the outstanding balance.

However, during the calls Mr C had with Barclays, the monthly payment was discussed and it was agreed in one of these calls that Barclays would hold any action with reference to the arrears that were building up while the complaint was investigated. It wasn't made clear that a failure to make the monthly payments would result in negative information being applied. So in the absence of this and as Barclays agreed to stop chasing for payment, I think it is fair that it ensures there is no negative information now recorded against Mr and Mrs C as a result of their missed payments during the dispute. Mr and Mrs C had previously made overpayments on the mortgage and while I think they could have reinstated the mortgage payments earlier; it is clear from their complaint that they believed the balance should be written off.

Mr and Mrs C have said they don't agree they are in the position they would have been in as they've continued to accrue interest on the outstanding balance of their mortgage. I think the balance now showing is the correct balance and reflects what Mr and Mrs C have left to pay.

Interest is charged in line with the rate set out in their mortgage offer when the mortgage was taken out and Mr and Mrs C are required to make the contractual monthly payments. Mr and Mrs C haven't made these for a number of months but this doesn't mean it would be fair to expect Barclays to freeze the mortgage interest on the account during this time.

Overall, I think the compensation of £500.00 for the distress and inconvenience is fair. Mr and Mrs C are rightly disappointed at finding out the information provided was wrong. But they do still owe the balance of their mortgage account and it is fair they pay this. And it would not be reasonable to expect Barclays to write off the balance because of its mistake.

### **Putting things right**

If it hasn't done so already, Barclays should pay the £500.00 offered in its final response and ensure that it doesn't record any negative information on Mr and Mrs C's credit file as a result of the misinformation provided.

### **My final decision**

I uphold Mr and Mrs C's complaint in part for the reasons set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 14 February 2023.

Thomas Brissenden  
**Ombudsman**