

The complaint

Ms H and Mr W complain about the way that Barclays Bank UK PLC has administered a buy-to-let mortgage. They said it had changed the repayment type and term of the mortgage without their consent and has given them conflicting information about the status of the mortgage.

What happened

In April 2007, Ms H and Mr W took out a buy-to-let mortgage with Barclays. It was on a repayment basis over a term of 25 years.

Ms H and Mr W complain that changes to the term and repayment type of the mortgage were made without their consent. They also complain that Barclays had not given them sufficient information about the mortgage and that it told them the mortgage had been repaid in 2021.

The investigator thought that Barclays should pay Ms H and Mr W £500 to reflect the distress caused to them by the way it dealt with them.

Ms H and Mr W responded to make a number of points, including:

- They had never been made aware of the remaining term of the mortgage. It isn't on the mortgage statement. The term had been going down, but in 2022 they were told it had gone up to nine years. They do not understand why and they'd never been told that it would end in 2031.
- In 2017 there was no check to make sure that the payments were "aligned" with the mortgage term.
- Barclays said in a letter dated December 2021 that it checked in 2017 that the payments were aligned with the remaining term, which was due to end in 2021 – so it is stating the mortgage should have been paid off. It also said the mortgage was interest only in 2017.
- Every year when they spoke to Barclays, they were told that the mortgage was due to end at the original term in 2022. It was only this year that they were told there were nine years left. They don't understand why Barclays would not have noticed all of the amendments to the mortgage.
- The increased payments had caused them difficulties, but they believed they were making overpayments to repay the mortgage early. This matter has caused them stress, anxiety and financial difficulty to be able to maintain the payments to the mortgage.
- It was incorrect to say that overpayments would reduce the term and not reduce the monthly payments. It is possible to amend the payments – and this is what they believed would happen. They never asked for the term to be amended. It was Barclays that changed the term.

- The offer of £500 doesn't reflect the mistakes that Barclays made or the stress and anxiety this caused to them.

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.

It is clear that Barclays has handled this matter poorly. It hasn't always given Ms H and Mr W the clear, fair and not misleading information about their mortgage as they were entitled to. I can understand why Ms H and Mr W are unhappy with that and why they might consider that they have lost out as a result of the poor communication.

I've looked very closely at all of the information from both Barclays and Ms H and Mr W. Having done so, I can't see that Ms H and Mr W have lost out financially as a result of what has happened. I agree that they have been caused unnecessary distress and inconvenience by the failure of Barclays to always provide them with accurate information.

Ms H and Mr W have been given incorrect information by Barclays about the remaining term of the mortgage on a number of occasions – including in its final response. It should have taken a great deal more care than it did to give Ms H and Mr W accurate information. The evidence we have shows that as things stand, if the contractual monthly payment is made in full (not more or less) and on time, then the mortgage term will end in January 2025. Looking at the information available to me, that is likely to be correct.

There have been several amendments to the mortgage since its inception – including changing the type of repayment from interest only to repayment, changing the term, additional borrowing, switching rates and lump sum payments.

Barclays hasn't been able to provide all of the information I might expect to see to show how the term was set. But we know that Ms H and Mr W took out a five year fixed rate product in 2018. That product is due to end in May 2023. It seems likely that the term of the mortgage was amended at that time to align with the term of the fixed rate product. The mortgage is on a repayment basis.

It appears that the issues here are largely because Ms H and Mr W's mortgage is administered on an older system. I can see that Barclays staff can at times struggle to use it and give customers accurate information. I understand why Ms H and Mr W consider that to be unacceptable. And I think that Barclays should compensate them for the stress, anxiety and worry that has caused them. But looking at what happened and what Ms H and Mr W have told us, I consider that £500 is a fair amount to reflect that. I also think that Barclays should apologise to them for the repeated lack of care it has shown in giving them information about their mortgage.

My final decision

My final decision is that Barclay Bank UK PLC should pay Ms H and Mr W £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H and Mr W to accept or reject my decision before 27 March 2023.

Ken Rose
Ombudsman