

The complaint

Mr C complains that Barclays Bank UK PLC administered his mortgage incorrectly. He said it unfairly treated his mortgage as redeemed and asked him to repay the mortgage current account reserve facility.

What happened

Mr C has mortgage with Barclays. The mortgage includes a mortgage current account reserve facility (the reserve), which allowed Mr C to drawdown additional funds from time to time.

In 2017, Mr C extended the term of the mortgage to 2029. The mortgage only had a balance of around £1,000. But Mr C intended to continue to use the reserve.

In 2022, Barclays contacted Mr C and told him that his mortgage term was about to end. It said he needed to repay the reserve balance of around £22,000.

Mr C complains that there has been a mistake. It was never his intention to repay the mortgage – he wanted to keep it so he could continue to use the reserve facility.

I issued a provisional decision that said that I intended to uphold the complaint. My provisional findings, which form part of this decision, were:

I'm satisfied that it was always Mr C's intention to keep the mortgage and the reserve in place until 2029. It was reasonable for him to understand that this arrangement was in place. I say that as in 2017, Mr C received paperwork showing that the term had been extended. Mr C also sought reassurance from Barclays that the only change to the mortgage was the term would end in 2029 and that he could continue to have the benefit of the reserve. Barclays confirmed that was correct.

Looking at the evidence we have, I don't consider Barclays acted fairly or reasonably in 2022, when it told Mr C he must repay the mortgage, including the reserve. That was not what Mr C had agreed with Barclays. I consider that it would be fair for Barclays to reinstate the mortgage and the reserve on the same terms with an end date of 16 March 2029. It should apply any "overpayments" to the reserve, reinstate the balance of the main mortgage and recalculate the monthly payment for the remaining term. It should take steps to make sure that the payments are calculated and allocated correctly in the future so this problem does not occur again. I note that Barclays said it had already adjusted the mortgage – but it should check that this has been done correctly and confirm it has done so in response to this provisional decision.

I've found that Barclays has not treated Mr C fairly. In addition to making sure the mortgage is set up correctly, I need to consider whether Mr C has suffered any financial loss because of Barclays' error, whether that has caused him any distress and inconvenience and if so, what is a fair amount of compensation for that.

Mr C said he'd incurred in costs for his aborted remortgage. I agree that it was reasonable

for him to explore options to raise the money he needed – and that would not have been necessary but for Barclays mistake. But for me to say that he should be reimbursed, I'd need to see evidence that those fees were actually paid by him. I say that as in my experience mortgage brokers, lenders and solicitors do not always charge their fees if a mortgage does not go ahead.

Mr C has provided evidence of a payment of £700 to a mortgage broker on 27 January 2023. But that payment was from a company account – not an account in Mr C's personal name. We also do not have evidence that the payment corresponds to the abandoned remortgage that was intended to replace the Barclays mortgage. Mr C had provided previous evidence that he was dealing with a different broker and where the fee was only £450. I note Mr C has said that he does not want to pursue the costs. But if on reflection he does wish to recover those amounts, if he can show that he personally has paid any fees for the abandoned mortgage in response to my provisional decision, then I will ask Barclays to pay those amounts, with interest.

That leaves a payment for distress and inconvenience. It is clear that Barclays' initial mistake caused Mr C unnecessary worry that he would not be able to use the reserve facility as planned and that he would have to find the money to repay the reserve. Mr C has told us that he suffered a substantial amount of inconvenience in trying to sort this out with Barclays.

The evidence we have supports that Mr C spent around six months trying to resolve this matter directly with Barclays without success. He's said that it was a frustrating experience dealing with Barclays and that it would take a long time to get through to it and when he did, he would have to explain what had happened each time. But the problem was never resolved.

Mr C said he complained in February 2022, but did not receive a final response until April 2022. Barclays had eight weeks to respond, so I can't say the timescale to respond was unreasonable. In saying that, it was not really the "complaint" as such that Barclays was dealing with, but the underlying issue that relates to the administration of Mr C's mortgage. I agree with Mr C that the final response is poor. It does not get to grips with what had gone wrong, it uses jargon and is difficult to understand. I accept that Mr C would have been disappointed that he was led to believe that the final response would provide some clarity – but it actually caused more confusion. I agree this would have added to the unnecessary stress and worry this matter has caused to Mr C.

Mr C has told us that he considers that Barclays actions have caused him "substantial" distress and inconvenience. But our guidelines give examples of this as "serious offence or humiliation" and "serious disruption to daily life over a sustained period". I think it would be difficult for me to find that Barclays's mistake had that impact on Mr C. But I agree that Barclays mistake and the way it dealt with Mr C following that, has caused him a considerable amount of distress and significant inconvenience that took a lot of extra effort to sort out. I consider it would be fair for Barclays to pay Mr C £600 to reflect that – less any payments Barclays has already made.

Barclays should also apologise to Mr C for the initial mistake and the way it has dealt with this matter.

I note what Mr C has said about the letters he's receiving from Barclays saying he is overdrawn. It is not clear that this relates to the complaint he has brought here. I can't consider it as it relates to events after Mr C referred his complaint to us.

I proposed that Barclays should:

- Make sure that the mortgage and reserve account are set up correctly, as set out above, with a term to end in March 2029.
- Pay Mr C £400 on top of the £200 he has already been paid in respect of this matter – so a total of £600.
- Apologise to Mr C.
- If Mr C can provide evidence in response to this provisional decision that he has had to pay fees directly for the abandoned mortgage application that was going to replace the Barclays mortgage, then Barclays should pay those amounts, with interest at 8% simple per year from the date they were paid until date of settlement.

Both Mr C and Barclays accepted my provisional findings. Barclays did not confirm whether it had checked that it had reinstated the mortgage correctly.

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.

As both sides have accepted my provisional findings, I see no reason to depart from the findings I reached in my provisional decision as set out above.

It is still open to Mr C to provide evidence of costs he incurred in respect of the mortgage he was intending to arrange to replace the Barclays mortgage. Barclays should refund any of those costs with interest – providing the evidence shows that Mr C paid those costs personally and that they relate to the aborted mortgage application. But he must do so within 28 days of accepting this decision.

My final decision

My final decision is that Barclays Bank UK PLC should:

- Make sure that Mr C's mortgage has been reinstated correctly with the term to end in 2029.
- Pay Mr C £400 on top of the £200 he has already been paid in respect of this matter – so a total of £600.
- Apologise to Mr C.
- If, within 28 days of accepting this decision, Mr C wishes to provide evidence that he has had to pay fees directly for the abandoned mortgage application that was going to replace the Barclays mortgage, then Barclays should pay those amounts, with interest at 8% simple per year from the date they were paid until date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 April 2023.

Ken Rose
Ombudsman