

The complaint

This complaint is about a mortgage and linked mortgage current account (MCA) that Mr S holds with Barclays Bank UK PLC. The mortgage was due for repayment in February 2027, but changes to the monthly direct debit Mr S made, based on information and guidance from Barclays, resulted in the mortgage account balance being fully repaid in February 2022. This meant that, under the terms and conditions of the mortgage contract, the overdraft facility on the MCA became repayable immediately instead of continuing to be available for Mr S to use for another five years.

What happened

Mr S blames wrong information from Barclays for his mortgage account being repaid early. He says it resulted in adverse information being added to his credit file, which in turn prevented him from accessing credit from other sources. He also complains that he was racially insulted by someone he spoke to about the issues.

Barclays admitted having given Mr S misleading information and advice in October 2021 that resulted in the mortgage being repaid early, the MCA being called in, and adverse information being recorded on his credit file. It apologised and offered him £800 compensation. Mr S wasn't happy; he told the bank he was seeking £500,000. Meanwhile, the adverse marker, placed in October 2021, was removed from Mr S' credit file in mid-2022. When the case came to us, our investigator recommended Barclays allow Mr S to continue using the overdraft facility on the MCA by reinstating the mortgage account (or some other means it might suggest). She also thought that the £800 Barclays had offered was fair compensation for the impact on Mr S of the mistakes Barclays had made.

Barclays accepted the investigator's recommendation for settling the complaint. Mr S did not; he says he's suffered further consequential loss as a result of the adverse markers on his credit file hindering his attempts to get credit elsewhere.

What I've decided – and why

The broad circumstances of this complaint are known to Mr S and Barclays. I'm also aware that the investigator issued a detailed response to the complaint, a copy of which has been sent to all parties, and so I don't need to repeat the details here.

Our decisions are published, and it's important that I don't include any information that might result in Mr S being identified. Instead I'll focus on giving the reasons for my decision. 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.

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. But in doing so, we have to work within the rules of the ombudsman service, and the remit those rules give us. It's for me to decide what the material issues are that will affect the eventual outcome. It's also my judgement on what evidence I need to see and consider, in order to reach a fair decision.

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, these are my conclusions, and the reasons for them.

This isn't a complaint where I have to decide fault; Barclays admits it made mistakes and has apologised and offered compensation. All that leaves for me to decide is whether Barclays' response provides a fair settlement or not.

Barclays' mistake was not to alert Mr S that setting his direct debit at the level he was proposing would clear the outstanding balance on the mortgage account five years early. If it had advised and guided him appropriately, I'm satisfied that wouldn't have happened, and Mr S would not then have faced a demand to repay the overdraft on the MCA.

So it's entirely fair and reasonable that Barclays should undo what happened by reinstating the main mortgage account, restoring the balance to where it was in October 2021, and I'm glad it has agreed to do this. The precise mechanics for how that should happen are for Barclays to work out and agree with Mr S after he has accepted my final decision, always assuming that he does so. At this stage, it is the broad principle of the settlement that I am ordering.

As to the level of compensation Mr S should receive, there are two broad areas to consider; redress for financial loss, and then for his time, trouble and upset. The former is generally easier to assess, as it is a case of viewing the evidence of loss, assessing the extent to which that loss flows from the business' action, and making the appropriate award. Here, having considered everything that both parties have said and provided, I'm not persuaded Mr S has demonstrated that he has suffered, directly as a consequence of what Barclays did, a financial loss warranting a separate award.

As to the non-financial aspect, there's no doubt in my mind that Mr S has experienced a great deal of distress and inconvenience as a result of Barclays calling in his MCA overdraft in the wake of the mortgage account being mistakenly paid down. Aside from anything else, he spent a lot of time exploring ways of re-financing the debt, which wasn't made any easier by the presence of the adverse credit marker, at least until June 2022.

The proposal from our investigator to restore access to the MCA, which I am intending to order Barclays to carry out, at least takes away that imperative, but it will no doubt have caused Mr S a lot of unnecessary worry and activity. Then there's the issue of the remark made by a member of Barclays' staff which Mr S found racially insulting.

This is always a difficult area to deal with, as these are such subjective matters. One person's seemingly innocent remark is another's insult, and everyone perceives things differently. Then there's the question of intent. I won't reveal the nature of the comment Mr S is objecting to here, out of respect for his feelings, but on balance I think it unlikely that any malice was intended by the remark.

Putting everything together and taking into account all of the circumstances, Barclays' offer of £800 is higher than I would have awarded if no offer had been made. It follows therefore

that I don't find that Barclays needs to do more to settle this complaint than it has already agreed to do.

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 how strongly Mr S feels.

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. But look hard enough and it's possible to find inconsistencies and/or anomalies in what both sides have said and done from time to time.

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, focussing on the broader picture. That's what I've done.

I will however make a further observation. There's more (and sometimes less) to complaint resolution than simply deciding who's right or who's wrong. It's not just about winning the argument; sometimes it's about compromising to reach a *fair* conclusion that both parties can live with. I'm satisfied the decision I've reached here achieves that.

My final decision

My final decision is that I order Barclays Bank UK PLC to reinstate Mr S' mortgage account and reconstruct it from October 2021 up to the eventual date of settlement, on the basis that it and the MCA should run to February 2027 as planned. As already stated, the exact mechanics of that reinstatement are for the parties to agree between them, if Mr S accepts my final decision. I also order Barclays Bank UK PLC to pay Mr S £800 compensation. 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 discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 October 2023.

Jeff Parrington
Ombudsman