

## **The complaint**

Mr and Mr F complain that Barclays failed to remove markers for expired debts contained in their IVAs and as a result they lost out on a mortgage for the proposed purchase of a new home. They also said they had to pay a higher interest rate on a remortgage because Barclays continued to fail to remove the markers. I'm aware that the compensation payments were made individually though for convenience I shall refer to Mr and Mr F throughout as joint complainants.

## **What happened**

In November 2016 Mr and Mr F set up IVAs as a joint application. The debts in the IVAs included several credit card/current accounts from Barclays. The IVAs were successfully paid up in May 2022. Mr and Mr F then wanted to purchase a new home but this fell through as they were refused a mortgage. They discovered that on their credit reports Barclays had continued to report a debt as outstanding despite it having been included in their IVAs. Barclays admitted being at fault and arranged to remove the reporting of the debt from the credit records. It paid £200 compensation for the inconvenience caused.

In early December 2022 Mr and Mr F wanted to remortgage as their fixed term mortgage was due to expire in February 2023. They applied to their current mortgage provider and were provisionally accepted. Their broker advised them that Barclays were offering a far more preferential rate. As their credit records had been updated they applied to Barclays but were rejected. They raised a complaint again with Barclays and were advised that a loan continued to be reported on its internal database. This was removed but Mr and Mr F had to proceed with the other mortgage provider.

Mr and Mr F then applied for a current account but were again rejected, as another debt continued to be reported. Barclays has now fully updated its records.

In respect of the inconvenience caused Barclays paid Mr and Mr F a further £450 and made an additional payment of over £490 towards their costs of a subscription to a credit agency. It said it wouldn't however pay any extra interest on their mortgage.

On referral to the Financial Ombudsman Service our Investigator said that Barclays had paid reasonable compensation. She didn't think it should pay the difference in interest on their mortgage as it wasn't possible to determine that the application would have been successful if the erroneous information wasn't present.

Mr and Mr F didn't agree, pointing out that the adviser at Barclays had told them that the marker on Barclays database was likely to be why their mortgage application was rejected.

The matter has been passed to me for further consideration.

## **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 think Barclays had clearly erroneously kept reporting to the credit agencies that certain debts were still outstanding for Mr or Mr F. Once the IVAs were fully paid up in May 2022, any remaining debts should have been removed from the credit agencies database. This was not done, though I can't say that their mortgage application in August 2022 would have been successful as I haven't been informed of the reason why it was rejected. The IVAs commenced on 10 November 2016. So they would have continued to be reported on Mr and Mr F's credit files until 10 November 2022. Indeed it's likely, from what Barclays tells us, that any mortgage application to it with the IVA still on the record, would have been rejected.

However I understand that the application to Barclays for a remortgage was made on 2 December 2022. At that stage the IVAs should have "dropped off" Mr and Mr F's credit records.

Barclays has now provided further evidence as to why the application was turned down at that stage as the IVAs would have been removed. It has provided that evidence in confidence, so I can't disclose it to Mr and Mr F. However it appears that Barclays declined the application for reasons of affordability and past history. I'm satisfied that the markers for the old loans were not relevant in respect of its reject of the application. As our Investigator pointed out, different mortgage providers would have different criteria for lending so the fact that another such provider was prepared to offer a mortgage doesn't mean that the application to Barclays should have been successful. So I can't find Barclays responsible for paying any interest in respect of Mr and Mr F's remortgage.

Mr and Mr F decided to proceed with the mortgage they had already been approved for in principle. I can understand that decision, as they wanted to fix the rate before it expired in February 2023. I bear in mind that repeat mortgage applications can affect the credit score.

In respect of the compensation for distress and inconvenience I think that Barclays' total payment of £650, together with the payment towards their credit agency subscription, is reasonable.

### **My final decision**

I don't uphold the complaint.

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

Ray Lawley  
**Ombudsman**