

## **The complaint**

This complaint is about a mortgage Mr and Mrs S hold with Barclays Bank UK PLC. Mr S, who has dealt with the complaint throughout with the consent of Mrs S, has complained about the following:

- the way payments are applied to his mortgage account;
- poor customer service;
- incorrectly applying a £25,000 overpayment to the interest-only part of the mortgage rather than the capital repayment part;
- that Barclays cannot offer a term extension on his existing mortgage product;
- the way Barclays has dealt with his complaint.

To settle the complaint Mr S wants a senior customer service manager to contact him, for Barclays to refund the incorrect mortgage payments that have been taken since April 2022, and adjust the mortgage account to its correct position. Mr S also wants compensation to reflect the prolonged and abysmal attitude and service provided by Barclays, and to complete the term extension on the mortgage as requested.

## **What happened**

I will summarise the complaint in less detail than it's been presented. There are several reasons for this. First of all, the history of the matter is set out in detail in correspondence, and in the investigator's letter dated 26 May 2023. All parties have a copy of that letter, so there is no need for me to repeat the details here.

In addition, Barclays has accepted that it has made customer service errors and has offered compensation. I therefore don't need to analyse what happened in detail in order to decide if the bank has made an error; what I need to consider is whether Barclays had done enough to put things right, or if there are other errors the bank has made, for which it needs to do more.

Finally, our decisions are published. It's therefore important I don't include any information that might lead to Mr and Mrs S being identified. So for these reasons, I will keep my summary of what happened quite brief.

Mr and Mrs S have a mortgage with Barclays, taken out in 2019 when Mr and Mrs S borrowed just over £168,000, of which £135,000 is on an interest-only basis. The original mortgage term was 9 years 7 months. The mortgage is on a lifetime tracker rate of 0.69% above Bank of England Base Rate.

In April 2022 Mr S queried with Barclays why his payment was taken from his current account on the 18<sup>th</sup> of each month but wasn't applied to the mortgage until the end of the month. There were calls with several members of staff over a number of days until it was clarified by Barclays that there was no financial detriment to Mr and Mrs S by the payments being collected on a different date to the due date.

Mr and Mrs S also wanted to extend the term of the mortgage. After Mr S had initially spoken to a customer service agent (who explained he wasn't a mortgage adviser), the request was passed to a mortgage adviser. On 3 May 2022 Barclays mortgage adviser explained that the bank didn't offer term extensions for this particular lifetime tracker mortgage product; if Mr and Mrs S wanted a longer mortgage term, they would need to choose a new product. However, because the current mortgage was on a lower margin over base rate, Mr S didn't want to go ahead with changing the rate in order to extend the mortgage term.

In July 2022 Mr and Mrs S decided to pay off that part of the mortgage that was on a capital repayment basis, which was about £25,000. Barclays' system is set up to apply overpayments first to the interest-only part of the mortgage, and so the payment was applied to that part of the mortgage, rather than the repayment part. This was later corrected and reversed, but it took about three months for this to happen.

On behalf of himself and Mrs S, Mr S complained to Barclays about the poor customer service they'd been given, about the way Barclays had dealt with the complaint, and about Barclays' refusal to agree to a term extension on their existing mortgage product. Barclays paid compensation of £125, which Mr and Mrs S rejected.

As a result, a complaint was brought to our service. The investigator noted that it had taken some time and multiple calls before Barclays had been able to clarify that there was no financial disadvantage as a result of the payments being taken in the middle of the month. He was also satisfied that when Mr S initially discussed a term extension on 29 May 2022, the call handler explained that he wasn't a mortgage adviser. Although Mr S had been given information about the type of products that might be available, the investigator was satisfied that it had been made clear to Mr S that he'd need to speak to a mortgage adviser about this.

After looking at everything that happened, the investigator thought that Barclays should increase its offer of compensation to £1,000 (to include the £125 already paid). This reflected the considerable inconvenience Mr S had been caused in trying to get his queries resolved.

Barclays agreed to this, but Mr S did not. Mr S has told us that his mortgage payments *"continue to be incorrect and the administration of the account remains fraudulently unsatisfactory..."*.

### **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.

The evidence in the case is detailed, running to several hundred pages of documents and multiple call recordings. I've read everything and listened to all the call recordings, and it's apparent that some parts of the evidence are less relevant to the underlying case than others. We provide an informal service, and 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. This approach is consistent with what our enabling legislation requires of me. It allows me to focus on the issues on which I consider a fair outcome will turn rather than issues that have little or no impact on the broader outcome.

I have noted that much of Mr S's complaint relates to his dissatisfaction about the way Barclays has dealt with his complaints, for example, failure to log a complaint, or to call him back to discuss his complaints. However, I must explain that this isn't something I'm able to consider.

This is because our rules only allow us to consider complaints about regulated activities. Complaint-handling isn't a regulated activity in its own right, nor is it one of the specified non-regulated activities that I'm able to deal with under our compulsory jurisdiction. It's also not an activity that's ancillary to a regulated activity, such as account administration or advice. A complaint about the way Barclays dealt with a complaint doesn't fall within the scope of our rules, and so I don't have any legal power to consider Mr S's dissatisfaction about this aspect of his complaint.

In relation to the issues I am able to consider, I've reached the same outcome as the investigator, and have set out my reasons below.

**Payment administration:** I can see that Mr S was frustrated that Barclays wasn't initially able to answer his queries to his satisfaction, and that he had to speak to multiple members of staff. I also note that promised calls weren't made, which led to Mr S becoming increasingly frustrated. Ultimately Barclays was able to provide Mr S with an answer to his query about how repayments were applied, and confirmed there was no detriment caused to him and Mrs S in relation to this. On the evidence provided, I've not seen anything to suggest Barclays has made an error in its application of monthly repayments to the account, or that Mr and Mrs S have been over-charged interest.

If Mr and Mrs S are still unhappy about this it's always open to them to have their account independently audited, at their own expense. If this audit was to show that Mr and Mrs S had suffered any detriment that could be attributed to any act or omission on the part of Barclays, they could bring a fresh complaint about this, and claim the cost of the audit in any redress. This service doesn't provide an auditing service, and we don't act for consumers, so it isn't something we are able to do for Mr and Mrs S.

**Lump sum payment:** Unfortunately when a lump sum payment was made to the account, intended to redeem the capital repayment part of the mortgage, it was incorrectly applied to the interest-only part of the mortgage. This caused some inconvenience for Mr and Mrs S, who had to get Barclays to correct its mistake. I can understand how upsetting this was for Mr and Mrs S, as it served to reinforce Mr S's concerns about Barclays and its ability to meet his and Mrs S's needs as customers.

**Term extension:** Mr S spoke to Barclays on 29 May 2022, in a detailed call when a term extension was discussed. I'm satisfied the call handler explained that he wasn't a mortgage adviser, and that he'd arrange for Mr S to speak to a mortgage adviser – and that call happened on 3 May 2022. I can understand why Mr S thought that the term extension would be a formality, given that there was a lot of discussion on 29 May 2022 about his and Mrs S's needs and circumstances, and about different mortgage products.

However, Barclays doesn't offer a term extension on the particular lifetime tracker mortgage product Mr and Mrs S had taken out. Therefore, if they'd wanted to extend the mortgage term, they would have needed to take out a new Barclays' mortgage product. As the interest rates on these weren't as competitive as the rate Mr and Mrs S already had, I can understand why Mr S decided not to proceed any further.

I don't have any power to tell Barclays what products it should offer to customers, or that it must extend the mortgage term for Mr and Mrs S when the product they are on doesn't provide for this; that would not be fair to other customers who are on the same product. Mr and Mrs S are, of course, free to select another Barclays' mortgage product if they want a longer term. Any application for a new product would, of course, be subject to meeting Barclays' lending criteria.

## **Putting things right**

I'm satisfied that Barclays' customer service fell short of the standard Mr and Mrs S were entitled to receive. Mr S had to raise the same points about the way his monthly payments were applied repeatedly, and wasn't called back as requested. Barclays also messed up the lump sum payment, and Mr S had to chase the bank to put this right.

The result of this was that Mr S's confidence in Barclays' ability to administer the account was dented, although, as I've explained above, the evidence doesn't persuade me that the way Barclays is applying payments is incorrect. But I can see that the longer Mr S was left without a clear answer, the more he believed there was something wrong on the mortgage account.

Barclays has agreed to pay total compensation of £1,000 (to include £125 already paid) for its poor customer service. In all the circumstances of this case, I'm satisfied this amount is fair, reasonable and proportionate to cover the frustration, distress and inconvenience caused to Mr and Mrs S by Barclays.

## **My final decision**

My decision is that I partly uphold this complaint. Barclays Bank UK PLC should pay total compensation of £1,000 (to include £125 already paid) in full and final settlement of this complaint. I make no other order or award.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any correspondence about the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 1 September 2023.

Jan O'Leary  
**Ombudsman**