

## **The complaint**

Mr and Mrs A complain that they were unable to re-mortgage their buy to let properties because Barclays Bank UK PLC wrongly recorded mortgage arrears on their credit files. By the time this was corrected, interest rates had increased. They ask for compensation.

## **What happened**

Mr and Mrs A have a number of buy to let mortgages with Barclays. In late 2021 they received letters from Barclays saying two of these mortgages were in arrears. Mr and Mrs A complained. They say Barclays acknowledged it made an error and said their credit files wouldn't be affected.

Mr and Mrs A say they were concerned about interest rate rises and in early 2022 decided to re-mortgage and take out long-term rates for three mortgages with other lenders. They took advice and their broker started applications for three buy to let mortgages. Their broker says each lender declined the applications following preliminary credit assessments. The broker said he was unable to source mortgages for Mr and Mrs A, despite attempts over several weeks, and advised them to look into the source of the adverse data.

Mr and Mrs A complained again to Barclays in June 2022. They say they were unable to re-mortgage until late 2022 due to the arrears wrongly recorded by Barclays, and they missed out on lower interest rates available in early 2022.

Our investigator said he couldn't fairly find that Barclays' error was the only reason that Mr and Mrs A weren't offered mortgages in early 2022. He said Barclays offer of £400 for the upset and inconvenience caused was fair.

Mr and Mrs A explained why they didn't agree and asked that an ombudsman re-consider their complaint.

## **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.

Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Barclays accepts that it incorrectly recorded arrears on Mr and Mrs A's mortgage accounts in September and October 2021. It sent a final response in late August 2022. It said it had asked the credit rating agencies to remove the arrears, and this could take up to 30 days. It offered £400 for the upset and inconvenience and said Mr and Mrs A should send evidence of any financial loss for it to consider, although there was no guarantee it would refund the costs. It sent a further final response in December 2022 in which it again said it made an error and offered £400 compensation. Mr A and Mrs A each raised a complaint separately and Barclays has confirmed it offered £400 to each of them.

There's no dispute that Barclays made an error here, and I think it's right that it offered compensation. What I need to decide is whether the compensation it offered is fair and reasonable. When considering compensation, we consider the effect of an error on a customer. This could include financial loss or worry, upset and inconvenience. We also take into account the wider circumstances and whether the customer could have taken steps to limit any losses. I need to bear in mind here that letting properties is a business. Mr and Mrs A have a number of buy to let properties and it's reasonable to expect them to manage their buy to let mortgages as part of their business.

I'm sorry to disappoint Mr and Mrs A. But having carefully considered what they've said, I don't think it's fair and reasonable to order Barclays to pay compensation for their financial loss in missing out on interest rate products available in early 2022. This is for the following reasons.

- Mr and Mrs A provided a statement from their broker saying their mortgage applications were declined at the initial stages in February 2022. Mr and Mrs A say this was due to the arrears recorded by Barclays. But they didn't provide evidence this was the only or the main reason. They didn't provide a copy of their credit reports from that time, to demonstrate they had no other adverse data. Their broker wasn't able to provide evidence from the relevant lenders that it was the arrears recorded by Barclays that was the only or the main problem.
- Even if I had evidence that Mr and Mrs A's applications were declined at the initial stage due to the arrears recorded by Barclays, this isn't the same as finding that these lenders would (but for the arrears) have offered them mortgages at the rates available in February 2022. The lenders might have decided that Mr and Mrs A and/or their properties didn't meet lending criteria or other problems could have emerged during the application process.
- Mr and Mrs A say they were concerned about interest rate rises and wanted to secure a long-term rate. If so, I'd have expected them to take steps promptly to identify and sort out the problem with their credit files. There's no evidence they did this until June 2022, some four months later.
- Mr and Mrs A could have contacted one or more of the credit rating agencies, or one of several businesses that provide credit reports free of charge, to obtain their reports. They could have checked the source of the adverse data in February 2022.
- Mr and Mrs A say they made a complaint in late 2021 about Barclays mistakenly saying two of their mortgages were in arrears. Barclays said their credit files wouldn't be affected. Nonetheless, when there were problems in early 2022, it would have been reasonable for Mr and Mrs A to consider whether this was related to the same matter. They could have contacted Barclays in February 2022.
- Mr and Mrs A contacted Barclays about the adverse data on 10 June 2022. Barclays arranged for Mr and Mrs A's credited files to be corrected in August 2022, about two months after they contacted it. If Mr and Mrs A had contacted Barclays in February 2022, it's likely it would have corrected their credit files in April 2022.
- Mr and Mrs A provided emails with a lender between June to August 2022. In one of these emails, Mrs A says "*recently, as part of making the mortgage application to [lender] in June, I became aware of a credit profile issue. Upon investigating this, this appears to be resulting from an administrative issue at Barclays...*". This suggests Mrs A became aware there was an issue with her credit profile in June 2022, rather than in February 2022.

- Mr A says they both have impeccable credit scores. However, they didn't provide a copy of their credit reports to us. Mr and Mrs A provided a screen shot of part of the first page of their credit reports. These are undated and only uses their first names, but they say it's for May 2023. The screen shots show they both have a "999" credit score, but this doesn't evidence the content of Mr and Mrs A's credit reports in early 2022.
- Mr and Mrs A say they were able to re-mortgage two properties by providing Barclays' August final response letter (which said the arrears were wrongly recorded) to the lender. They say otherwise the lender would have declined the application due to the arrears recorded by Barclays. They provided a recent email from the lender which they say confirms this. It seems these mortgages completed, despite the lender's initial concerns about the adverse data.
- Had Mr and Mrs A contacted Barclays in February 2022, it might have provided a similar letter which Mr and Mrs A could have provided to the lenders they approached in early 2022.
- Mr and Mrs A say they couldn't source a re-mortgage for the third property with the same lender as it's a consumer buy to let. They didn't provide evidence of lenders declining to lend due to the arrears recorded by Barclays. They say they haven't applied for a mortgage for this property since the arrears were removed from their credit files as interest rates are too high and they might sell the property. I don't think, based on the available I can fairly find that any problems re-mortgaging this property were solely or mainly due to the arrears recorded by Barclays.
- Barclays made an error when it recorded arrears on Mr and Mrs A's mortgage accounts. But I need to take into account that Mr and Mrs A didn't contact Barclays until June 2022, some months after they say they became aware of possible adverse data on their credit files. That's not to say that Barclays didn't make an error – it did. But, as I said, we take into account whether customers could have taken steps to mitigate or limit any loss. If Mr and Mrs A had contacted Barclays in February 2022 it would have had an opportunity to put matters right sooner.

Mr and Mrs A say the arrears wrongly recorded on their credit files by Barclays prevented them re-mortgaging between late 2021 and late 2022. But, based on the available evidence, I don't think I can fairly find this was the only reason or the main reason Mr and Mrs A didn't re-mortgage during this period.

It follows that I don't think it's fair and reasonable to require Barclays to pay compensation for the difference between the interest rates being paid by Mr and Mrs A and the rates available in early 2022.

This matter did cause Mr and Mrs A inconvenience. They had to contact Barclays and ask it to put matters right. They had to explain the situation to the lender they applied to in June 2022. I think, for this inconvenience, Barclays' offer of £400 compensation (for each of them) is fair and reasonable.

Mr and Mrs A complain about the way Barclays dealt with their complaint. Complaint handling isn't a regulated activity and this means it's not something we can always look into. I can look into it if the way the complaint was dealt with delayed the subject matter of the complaint – here the arrears on Mr and Mrs A's credit file – being sorted out. I don't think that was the case here. Barclays arranged for the arrears to be removed and sent a final response confirming this and offering compensation in late August 2022. There was some confusion as to whether Mr and Mrs A should raise a complaint jointly or in separate names but I can see that Barclays told Mr A in June 2022 that it would automatically clear adverse

data for all customers linked to the accounts.

### **My final decision**

My decision is that Barclays Bank UK PLC should pay £400 to each of Mr A and Mrs A as it offered to do (unless of course it has already done so).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 24 October 2023.

Ruth Stevenson  
**Ombudsman**