

## **The complaint**

Mr B and Ms T's complaint is about the administration of the mortgage they have with Barclays Bank UK PLC. They are unhappy that when they asked to move their payment date to an earlier day in the month, it made mistakes and then told them they had missed a payment, which they don't believe they had. They believe this mistake meant they were charged an extra payment in the first half of 2023 and they want it to be refunded, along with £1,500 compensation for the stress and inconvenience they were caused.

## **What happened**

Mr B and Ms T took out a mortgage with Barclays in 2017 on a repayment basis over a term of 35 years.

In December 2022 Mr B booked an appointment to speak to Barclays about ISA investments. During that discussion he suggested having a general review of his accounts, which included his and Ms T's mortgage. Mr B raised the issue that he was paid a few days after the mortgage payment was due each month, which meant he had to remember to "transfer money around" and sometimes he forgot to and they went overdrawn on their bank account. Barclays confirmed an overdraft on the bank account could be applied for to assist with the situation or the date for the direct debit could be changed for the mortgage. Mr B said that they had tried to move the direct debit date "lots of times", but Barclays had refused. Barclays informed Mr B that the direct debit date could be changed online and Mr B did just that while speaking to Barclays – with a new collection day of the 8<sup>th</sup> of the month.

Barclays wrote to Mr B and Ms T on 24 December 2023 to confirm the direct debit payment date had been changed to the 8<sup>th</sup> day of each month. It was also confirmed that payments on the new selected day of the month would start in February 2023.

A payment was made on 30 December 2023 and the next was paid on 8 February 2023. Mr B and Ms T were informed by Barclays that the payment due in January 2023 had been missed. In March the direct debit was changed again to collect on the last working day of the month – that came into effect from April 2023. The payment for January 2023 was paid in May 2023.

Mr B and Ms T complained to Barclays in March 2023. It responded in a letter of 18 April 2023. Barclays upheld the complaint and paid them £500 compensation as Mr B should have been told that in moving the direct debit day forward, they needed to make a manual payment for January 2023. It also confirmed the missed payment had not affected Mr B and Ms T's credit files.

Mr B and Ms T were not satisfied with Barclays response and referred the complaint to this Service. They told us that as Mr B was paid on the 5<sup>th</sup> of the month, he had explained to Barclays that the payment being due on the last day of the month caused issues. He was told by Barclays the payment could be moved to a few days after he was paid. Mr B said he understood that the January 2023 payment would be collected on the 8 February 2023.

One of our Investigators considered the complaint, but she didn't recommend that it be upheld. She confirmed that the mistake Barclays had made was in not explaining that Mr B and Ms T needed to make a manual payment for January 2023, and the direct debit being collected on 8 February 2023 was February's payment. As such, the payment they wanted Barclays to refund to them had always been payable and so a refund was not appropriate. She considered the £500 Barclays had paid them, plus ensuring their credit files were clear of any markers relating to the late payment, was appropriate in the circumstances.

Mr B and Ms T said the Investigator had missed the point – they had needed to make two payments in one month because of the error made by Barclays, and so they were not asking it to waive a payment that was due.

The Investigator confirmed that the 'additional' payment they had needed to make was that which they had been due to make in January 2023, but had not made. Mr B and Ms T didn't agree – they said they believed the payment they had made at the end of each month had been the payment due for the following calendar month, not the one it was paid in. As such, the payment made in December 2022 had been the payment for January 2023.

The Investigator provided a copy document to Mr B and Ms T that showed the payments due and payments received on the mortgage for the period in question. This showed the payment due date and payment date for the period before the first change to the direct debit date – the payment due dates being the 16<sup>th</sup> of each month and the payment applied date, i.e. when the payment was received, as the last working day of the same month. Mr B and Ms T reiterated that they believed the December 2022 payment had been for January 2023 and Barclays' mistake had meant they'd paid an extra instalment, which they wanted back.

As agreement couldn't be reached, it was decided the complaint should be referred to an Ombudsman.

### **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.

Having reviewed the evidence on this case, it is clear to me that the issue arises from a misunderstanding about the payments made on the mortgage. Mr B and Ms T have confirmed they believe the payment they made at the end of each month was the payment due for the following calendar month. As the information the Investigator provided them during our consideration of the complaint shows, that is not the case.

As Mr B and Ms T are aware the mortgage they entered into requires them to make a payment for each calendar month. That payment has to be made within the calendar month. As the information provided to Mr B and Ms T by the Investigator shows, their payment was due on the 16<sup>th</sup> day of the month, and they paid it on the last working day of the month. So the payment made on 30 December 2022 was that for December 2022, not January 2023.

When Mr B changed the payment date for the mortgage, he moved it forward in the month, so the payment that would otherwise have been collected at the end of February 2023 for that calendar month, was instead collected on 8 February 2023. As such, I am satisfied that no payment was made for January 2023 until Mr B and Ms T made the additional payment they did in May 2023.

When we uphold a complaint we aim to place a consumer as far as possible in the same financial position as they would have been in if the error had not occurred. In this case that would have been for Mr B to have received the explanation that in changing the payment

date to the 8<sup>th</sup> of the month he was moving the payment forward and as the direct debit couldn't be changed in time for January 2023's payment, a manual payment would need to be made. This was the error Barclays' made. As such, the additional payment Mr B and Ms T paid in May 2023 was due to be paid, but it would have been paid several months earlier had they been given the correct information.

This error caused Mr B and Ms T to miss a mortgage payment, which would usually be reported on credit files. Barclays has confirmed that it has taken action to ensure its error has not affected Mr B and Ms T's credit files. I can only confirm this was appropriate action in the circumstances.

It is clear that the error caused Mr B and Ms T upset and inconvenience when they had to find the additional funds to make up the missed payment. As such, a compensation payment is rightly due. Barclays has paid Mr B and Ms T £500. I have considered this payment and considering the circumstances, I would not have awarded more had Barclays not already made the payment. As such, I don't consider it would be reasonable or fair to require Barclays to pay Mr B and Ms T more.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr B and Ms T to accept or reject my decision before 28 February 2024.

Derry Baxter  
**Ombudsman**