

The complaint

Ms S complains about the way that Barclays Bank UK PLC administered her two buy to let mortgage accounts.

What happened

Ms S has two buy to let mortgage accounts with Barclays. Her complaints are that Barclays:

- didn't record the death of a family member, who was a joint mortgage account holder and tenant in common
- failed to collect Ms S's contractual monthly payments (CMP) by direct debit in August 2021 and September 2021 and recorded arrears on her credit file
- continued to record arrears after Ms S made her CMPs by standing order
- refused to let her take out a new product in mid-2022, meaning she was on its standard variable rate (SVR)
- took her CMP by direct debit in November 2022 in addition to the payments she made by standing order. It didn't refund the additional payments until February 2023
- changed her correspondence address and email address without her requesting this and added a middle name to her account
- is taking one payment rather than separate payments for each mortgage account.

Our investigator said while Barclays made errors, it had taken reasonable steps to put matters right. Our investigator said Barclays should pay additional compensation for the impact on Ms S of the time taken to refund the additional payments in late 2022, taking the total compensation to £1,000.

Barclays said it had already paid £1,000. Ms S said she wasn't sure she'd received all the compensation Barclays said it had paid. She also said she wasn't aware of the arrears in late 2021, after the problem with the direct debits, and hadn't taken action when she became aware as she was waiting for the outcome of her complaint.

Ms S said Barclays recently sent redemption statements for her two mortgages with different amounts but the same address and account number.

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.

Ms S told Barclays in late 2019 she's partially blind and needs large print. Barclays didn't arrange this: it sent Ms S correspondence in a format that wasn't accessible to her. I've

taken this into account when considering this complaint. Ms S told Barclays in late 2022 she's registered blind. Barclays says it has now updated its systems so that it will send correspondence to Ms S in a suitable format.

Ms S's complaint that Barclays didn't record the death of a family member, who was a joint mortgage account holder and tenant in common

Ms S's close family member died in May 2021. The family member was also on the mortgage accounts. Ms S told Barclays and sent a copy of the death certificate. Barclays asked Ms S for a copy of the will and the grant of probate. Without this, it said it was unable to act on Ms S's instructions to put the account in her sole name or apply a new interest rate product. This also meant some correspondence was addressed to the family member.

Barclays wrote to Ms S in late 2021 saying it hadn't been told about the death of the family member. This was incorrect.

Barclays has since received the documents it needed and updated the account. Ms S said it updated the account in 2021 before receiving the grant of probate. Either way, Barclays doesn't need to take further steps in relation to this part of Ms S's complaint.

Ms S's complaint that Barclays failed to collect her contractual monthly payments by direct debit in August 2021 and September 2021 and recorded arrears on her credit file.

Ms S called Barclays in July 2021. She told Barclays it was taking one payment by direct debit rather than separate payments for the two mortgage accounts. It seems the direct debits were then cancelled and payments weren't taken for August and September 2022. While Ms S had mentioned potential financial difficulties, she hadn't asked for the direct debit to be cancelled.

This was an error by Barclays. It agreed to remove adverse data recorded on Ms S's credit file between August 2021 and October 2021. It should also remove any fees or charges related to these payments, and any interest on the arrears accrued up to the end of October 2021.

Barclays confirmed there are now two separate direct debits in place.

Ms S's complaint that Barclays continued to record arrears after she made her CMPs by standing order

Ms S set up standing orders to pay her CMP from October 2021. But she didn't pay the missed payments (for August 2021 and September 2021). Ms S said she thought Barclays would collect the payments and she had other matters to deal with at that time, including a bereavement. And some of the letters for one of the mortgages were sent to the security property. Ms S says she wasn't aware of the arrears until she tried to take out a new product in June 2022.

I think Ms S was aware of the missed payments in late September 2021. She spoke to Barclays about this and went on to set up the standing orders. On balance, I think she'd reasonably have known that Barclays didn't collect the payments for August and September 2021 and, therefore, her accounts were in arrears. Ms S could have taken steps at that time to repay the arrears. While Ms S says she thought Barclays would collect the missed payments I don't think that's reasonable. She was aware the direct debits had been cancelled, so it's not clear how she thought Barclays would collect the payments. And even if she did think this, it would have been reasonable for her to check the payments had been collected.

Ms S says she was aware of the arrears in mid-2022 when she tried to take out a new product. However, despite being aware of the arrears, she didn't repay the arrears or contact Barclays about repaying them at that time.

These payments are owed by Ms S. This remains the case despite Barclays' error with the direct debits. Ms S needed to make the payments or discuss with Barclays an affordable plan to repay the arrears.

I don't think it's fair and reasonable to require Barclays to remove the arrears or any fees, charges or interest applied to or due to the arrears after October 2021. I don't think it's fair and reasonable to require it to remove adverse data reported to the credit reference agencies after the end of October 2021 relating to the arrears.

The interest rate on Ms S's mortgages increased several times in 2022. This meant her CMP increased. Ms S didn't increase the payments made by standing order to cover the CMP. This resulted in increased arrears.

Barclays wrote to Ms S about the change in her CMP. However, it didn't send the letters in an accessible format. This was despite Ms S telling Barclays in late 2019 that she is registered as blind and asking for correspondence in large print. Barclays didn't give Ms S fair notice of the increase in the CMP so that she could increase her monthly payments.

Barclays said it had removed adverse data reported to the credit reference agencies related to the underpayments. It should remove any fees and charges applied in relation to the underpayments between February and November 2022, if it hasn't already done so.

Ms S will need to pay the arrears that built up due to the underpayments. Our investigator said Barclays should offer Ms S the opportunity for the arrears due to the underpayments to be capitalised, if this is what she wants. I think Barclays should allow Ms S three months from the date she accepts my decision (if she does) to repay the arrears or contact it about the arrears being capitalised before it applies any fees or charges or starts to include the arrears when reporting to the credit reference agencies. This only applies to the arrears resulting from the underpayments in 2022, and not any other arrears.

Ms S's complaint that Barclays refused to let her take out a new product in mid-2022, meaning she was on its standard variable rate (SVR)

Ms S was unable to take out a new product until she provided the grant of probate and will to Barclays, so that it could update the account following the death of the joint account holder. The account has now been updated.

Ms S says she didn't need to provide the grant of probate as Barclays agreed to make changes to the account in 2021 before receiving this.

Either way, Barclays said Ms S couldn't take out a new product while there were arrears on the account. I don't think it's reasonable to say that Barclays should have waived this requirement. Barclays says Ms S will be able to apply for a new product once the arrears are cleared.

Ms S's complaint that Barclays took her CMP by direct debit in November 2022 in addition to the payments she made by standing order. It didn't refund the additional payments

Barclays took Ms S's CMPs by direct debit in November 2022. Ms S had also made payments by standing order.

Barclays did refund the additional payments, but it took about three months to do so. In the circumstances, I think it's right that Barclays offered compensation for the upset this caused.

Ms S's complaint that Barclays changed her correspondence address and email address without her requesting this and added a middle name to her account

Barclays says Ms S's account was set up incorrectly, which meant the correspondence address reverted to the property address. It said it didn't have an email address for Ms S and had used a non-working default email address. It updated Ms S's correspondence address and email address in October 2022. Barclays had written to Ms S in 2019 asking her to call to remove the middle name, which had been added in 2010. Barclays accepted it made some errors here. I think the compensation if offered for this was fair.

Barclays sent redemption statements for her two mortgages with different amounts but the same address and account number

This is a new complaint. I can't fairly issue a decision about this complaint before Barclays has had an opportunity to investigate and, if appropriate, offer to put things right.

Putting things right

There has been some confusion about the compensation that Barclays had paid or offered to pay. I asked our investigator to write to Ms S and Barclays setting out the position before I issued a final decision, so that the parties could comment and provide further evidence if they wished to do so.

Barclays made a number of errors with Ms S's account. While I can understand Ms S's concerns and frustration, I haven't seen anything to suggest this was due to someone accessing her account in order to take advantage of her. There's no doubt though that these errors did cause Ms S trouble and upset and Barclays should put things right.

Barclays confirmed that it has updated information sent to the credit reference agencies regarding Ms S's arrears, as set out above. It should also correct Ms S's mortgage accounts for charges and fees that it shouldn't have applied (if it hasn't already done so).

Barclays told us it had paid compensation of £1,000 for the upset and inconvenience caused by its errors. Ms S said she hadn't received all of this. I've set out the compensation that, based on the available evidence, I think Barclays offered or paid:

1. £150 for the issue with Ms S's email address. Barclays says it credited Ms S's account in October 2022. Its notes support this.
2. £150 for the issue with Ms S's middle name. Barclays notes suggest it credited the payment in December 2019.
3. £400 for the issue in refunding the standing order payments made in November 2022. This was offered in March 2023 in a final response letter. Barclays also offered compensatory interest (about £20) for the time it held onto the funds. The final response letter said this hadn't been paid as Ms S hadn't accepted the offer.
4. £350 for the other issues that have been raised. Barclays offered this in February 2023 after Ms S brought her complaint to us. Ms S didn't accept the offer and I don't think Barclays has paid this.

This totals £1,050 compensation, plus the interest on the additional payments.

Ms S asked for evidence of the payments being made into her accounts, including the account number and the date. I can't set out the account numbers in my decision, which will be published on our website. But I've asked our investigator to provide these to Ms S.

If Barclays believes it has already paid the amounts in 3. and 4. above, it should provide details of the payment (the date and the account details) to Ms S.

These are buy to let mortgages. Letting property is a business, and Ms S is responsible for managing her business. That includes managing the mortgage accounts and ensuring payments are made when due. This was made unnecessarily difficult for Ms S due to Barclays' errors and it failing to send correspondence to her in an accessible format.

I need to take into account that Barclays wasn't responsible for all of the problems Ms S encountered. It couldn't change the mortgage accounts into Ms S's sole name until she provided the necessary documents. Ms S was aware of the missed payments in August 2021 and September 2021 and, therefore, the resulting arrears in late 2021. Barclays correctly told Ms S that she can't take out a new product until the arrears are cleared.

Taking all this into account, I think £1,050 compensation, in addition to the other steps Barclays has taken, is fair and reasonable in the circumstances.

Ms S will need to pay the arrears that built up due to the missed payments in 2021 and the underpayments in 2022.

Our investigator said Barclays should offer Ms S the opportunity for the arrears that built up due to the underpayments to be capitalised, if this is what she wants. I think Barclays should allow Ms S three months from the date she accepts my decision (if she does) to repay these arrears or contact it about the arrears being capitalised before it applies any fees or charges or starts to include the arrears when reporting to the credit reference agencies. This only applies to the arrears resulting from the underpayments in 2022, and not any other arrears.

I'd encourage Ms S to contact Barclays to discuss how all of her arrears will be repaid.

My final decision

My decision is that Barclays Bank UK PLC should:

- remove any fees and charges that shouldn't have been applied to Ms S's account, and pay the compensatory interest on the additional payments referred to in 3. above
- pay £1,050 compensation in total (it can deduct the amounts it has already paid)
- allow Ms S three months from the date she accepts my decision (if she does) to repay the arrears that built up due to the underpayments in 2022 or contact it to arrange for the arrears to be capitalised before it applies any fees or charges or starts to include these arrears when reporting to the credit reference agencies.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 26 February 2024.

Ruth Stevenson
Ombudsman