

## **The complaint**

Miss G complains that Barclays Bank UK PLC reported a missed payment with a credit reference agency in June 2020 which resulted in her remortgage application being declined.

## **What happened**

Miss G applied for a new mortgage on her buy to let property at the end of November 2022, but she was told that the application was rejected because of a missed payment marker in 2020 showing on her credit history. Miss G said Barclays had incorrectly done this and, as a result, she is paying more on her mortgage and credit cards and car finance. Barclays said initially that it didn't report any negative information on Miss G's credit file. Miss G then did her own research and contacted the credit reference agencies who advised her that Barclays had put on the late payment marker. The late payment marker was due to an error by Barclays when setting up a payment holiday during the Coronavirus Pandemic which I understand resulted for there being a gap between payment holidays which shouldn't have happened.

Barclays then accepted that it had made an error, removed the incorrect marker in May 2023, and offered compensation of £400 and indicated it would review the compensation if it got evidence that this impacted other credit applications.

Our investigator's initial view was that Barclays should compensate Miss G for the increased interest she had to pay on her mortgage and credit cards and pay £800 for her distress. But on reflection our investigator's view was as Miss G was unable to show that Barclays marker was the sole reason for the decline of the remortgage application that it would be unfair to ask Barclays to compensate her for that loss and that £400 more accurately reflected her distress as this was a buy to let mortgage. Miss G disagrees saying in summary that she lost her remortgage because of the false credit marker and this has caused her stress for which she needed therapy and a holiday for which she should be compensated.

## **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.

Miss G's complaint arises out of a late payment marker put on her account that shouldn't have been there. Miss G says that caused her a financial loss and in particular that at the end of 2022 she tried to remortgage her property, but the application was refused because of that late payment marker.

Miss G submitted emails between her and her mortgage broker at the end of 2022. That shows that the broker - who had approached a lender about a remortgage - was told that the application would be declined because of a late payment marker with one of the credit reference agencies (but not another). But, in my view, those emails also indicate that at this time Miss G was not committed to the particular application. On 28 November 2022 she tells the broker she is getting the second bedroom officially registered and has had to make a lot of fire safety upgrades for the inspector and asks whether she should wait until the inspector

signed off the new layout. I've not been supplied with the broker's response to that if any. In January 2023, the broker says that there have been improvements in the interest rates and that it might be worth going over the figures again. Miss G responded to say that she expected the credit report to be cleansed by 31 January and then would update the broker.

So, although Miss G may have enquired about a new mortgage and it was indicated to her that the late payment marker was an issue, it doesn't seem to me, from looking at these emails, that by the end of January 2023 she was yet committed to a particular mortgage. Indeed, the evidence indicates that the amount of loan she was enquiring about at the end of 2022 was inadequate for her requirements as she eventually applied for considerably more. But Miss G was clearly anxious to make sure that if she did apply that the late payment marker wouldn't be an issue and so, was in contact with Barclays about that. Indeed, even when the marker was removed in May 2023, it wasn't until November 2023 that she got a Mortgage Illustration for a new mortgage and that was for a loan of £266,000.00 rather than the £184,000.00 that she had enquired about in November 2022.

Barclays problem in removing the late payment marker was that it understood that it hadn't reported any arrears to the credit reference agencies. My reading of the correspondence is that the understanding of whoever had dealt with the complaint is that only an account that was two months in arrears would be reported and as this account was never in that position it wouldn't have been. It also seems that there was no record of the late payment with the credit reference agency that Barclays used, although there was with another credit reference agency. This misunderstanding prevented Barclays removing the marker quicker than it did.

But when Miss G contacted us at the end of January 2023 she told us that Barclays had told her that it would send confirmation to her in writing that they did not report this missed payment to the credit reference agency. So, although Barclays wouldn't remove the marker - because it understood it had never put it on - Barclays offered to provide Miss G with evidence that she could show to a prospective lender that Barclays hadn't put on the late payment marker and that it was an error. Indeed, the final response letter of 23 January 2023 says that according to Barclays "*no missed/late payments have been reported by us.*"

Although that was mistaken it would have been evidence to any prospective lender that the record held by the credit reference agency was incorrect. Although this may not have been Miss G's preferred solution I would have thought that if Miss G was anxious to pursue her remortgage application from the end of January that a letter from Barclays saying that the late payment marker was not put on by Barclays might have been useful in challenging the refusal of any remortgage application based on this late payment marker. But I've seen no evidence that Miss G submitted a further application at that time.

So, my view on this issue is that although there was a late payment marker against Miss G's account, Miss G was not yet committed to a new mortgage at the end of 2022 and early 2023. That is evidenced by the emails between Miss G and the broker. It's also evidenced by the fact that the eventual application was for substantially more than the amount her broker enquired about in November 2022. So, I can't fairly say that Miss G was prevented by Barclays from getting a mortgage if she wasn't yet fully committed to a mortgage and had not yet decided on the level of borrowing she wanted. By the end of January 2023, Barclays had made an offer of a letter that may well have allowed her to overcome any credit objection to a new mortgage application. But, as there is no evidence of her making such a further application, I don't consider that Barclays was responsible for Miss G's failure to get a new mortgage at this time.

I accept that there was an error by Barclays that, because it went unrecognised by Barclays, would have caused Miss G an amount of distress and inconvenience. I can see that this would have led to the frustrating phone calls that Miss G refers to. This was added to as it

required efforts by Miss G herself to sort it out by contacting various agencies. But Miss G's main complaint is related to the resulting loss of the opportunity for a remortgage. As I don't accept that was Barclays fault - if Miss G really wanted to remortgage at this time I'm not convinced that she was prevented from getting one - I can't fairly hold it responsible for the considerable distress and illness that Miss G sets out in her complaint. So, after giving this aspect of the complaint consideration, I agree with our investigator that £400 represents fair compensation for Miss G's distress and inconvenience.

Miss G says there were other consequences resulting from the late payment marker including being unable to transfer her credit card balances to a new credit card and having to make higher payments than she should have had to do on a car she bought. Barclays, accepting that there was an incorrect marker, said that it would be open to review relevant evidence of any resulting losses. Miss G provided information to our investigator about the extra interest she had to pay because of the difficulty transferring her balances and our investigator recommended that Barclays recompense Miss G for the extra interest she had to pay. Barclays has accepted that recommendation.

One further issue Miss G raised is that she would have changed her car in December 2022 as its leased, but she couldn't change it before she amended her mortgage as such a large line of credit would have upset her application for a mortgage. Now the value of the car has plummeted by £6-£7,000 and she would like to be compensated for this fall in value. As I say above I don't find Barclays at fault for Miss G's failure to take out a mortgage at that time and so I can't fairly find Barclays at fault if the delay in taking out the mortgage resulted in the fall in value of her leased car, and I don't uphold that part of the complaint

### **Putting things right**

Barclays Bank UK PLC should pay Miss G £400 for her distress and inconvenience and as compensation for her inability to make a balance transfer to an interest free credit card refund Miss G the interest referred to in our investigator's view of 4 December 2023 together with simple interest at 8% pa from date the interest payments were made until the date that Barclays makes payment to Miss G.

### **My final decision**

My decision is that I uphold this complaint and require Barclays Bank UK PLC to make the payments referred to above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 12 March 2024.

Gerard McManus  
**Ombudsman**