

## **The complaint**

Miss K complains that Barclays Bank UK PLC wrongly treated her mortgage as being in arrears.

## **What happened**

Miss K has a residential mortgage with Barclays, jointly held with a third party who hasn't joined this complaint. In October 2023 Barclays contacted her to say that the mortgage was in arrears and that it was going to take further action.

Miss K complains that this call wasn't handled sensitively in light of her personal circumstances at the time, and says that Barclays put her under pressure to explain her situation there and then. She says that she didn't believe that her mortgage was in arrears and didn't understand why Barclays thought that it was. Miss K says that she and the joint borrower had occasionally received communications about late payments, but that was only when the due date fell on a bank holiday or weekend, and payment had been made on the next working day.

Barclays said that there had been a missed payment in December 2018. Miss K doesn't agree that there was a missed payment – she said that she had paid two payments in each of November 2018 and January 2019, so while her direct debits had bounced in December and January, overall the correct number of payments had been made. But it offered £40 compensation for the upset caused by having to complain.

Our investigator didn't think Barclays had clearly explained what had happened. He said that Barclays should have done more at the time the arrears arose, and he didn't think it had provided very clear evidence about what had actually happened. He noted that Barclays had been unable to locate a recording of the October 2023 call which Miss K had found particularly distressing, but accepted her testimony about the content of the call. He said that Barclays should increase its offer of compensation to £350. But he didn't think there was any evidence that this situation had impacted Miss K's credit file.

Miss K didn't accept that as a resolution of her complaint. She didn't think £350 compensation was enough for the upset she'd been caused, or to emphasise to Barclays the seriousness of its actions.

## **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.

Barclays says that Miss K's mortgage was in arrears. It says that the mortgage payment due date is the 16th of each month, but that Miss K and the other borrower don't generally actually make payment until the 1st of the following month. This means that payments are always late. And it says that arrears arose because of missed payments in late 2018 and early 2019.

This is what actually happened at the time, according to the payment records Barclays holds:

Month	Date payment due	Date payment made	Result
October 2018	16 October 2018	1 November 2018	Payment late but mortgage up to date once made
November 2018	16 November 2018	29 November 2018	Payment late but mortgage up to date once made
December 2018	16 December 2018	3 December 2018 BUT direct debit bounced	December payment not made – mortgage 1 month in arrears
January 2019	16 January 2019	2 January 2019 – two payments made, one returned as direct debit bounced	Payment made before January due date therefore treated as late December payment.
		1 February 2019	Treated as late January payment.
February 2019	16 February 2019	1 March 2019	Treated as late February payment.

Looking at the annual statement covering this period sent to Miss K, it shows that there were 12 payments due and 14 payments made – factoring in the two bounced direct debits, that means 12 payments made.

I'm not therefore persuaded that the mortgage went further into arrears after this period than it did before. As Miss K says, the impact of making two payments in November offset the missed one in December. But because of the pattern of making payment at the start of the following month rather than by the 16th of each month, the mortgage was behind for half of each month as a general pattern, and that continued to be the case after this period.

Barclays was therefore wrong to suggest in its final response that the mortgage was in arrears because of the missed direct debits in late 2018 / early 2019 – it wasn't, at least once the payments were made (albeit late) at the start of the following month.

Barclays wrote to Miss K and the joint borrower on 5 December 2018 notifying them of the bounced direct debit. It also wrote to them in May and June 2020 because of missed payments at this time – though these ended up not being treated as arrears because Miss K and the joint borrower had agreed a coronavirus pandemic payment deferral at this time.

Following the payment deferral, the mortgage resumed its previous pattern of going into arrears when payment wasn't made on the due date of the 16th of each month, but then coming back out of arrears when the payment was made at the start of the following month.

But other than that, Miss K was not in arrears at the time of the October 2023 call.

It's therefore correct to say that, for part of each month, Miss K and the joint borrower are behind with their payments. And it's not unreasonable in principle for Barclays to want to contact them to discuss why this is the case and to see what can be done to stop this from continuing to happen – for example by reminding Miss K and the joint borrower of the due date, or by agreeing a change to the due date if that's the only time they can make payment. So it wasn't automatically unreasonable for Barclays to have called Miss K when it did.

With that in mind, it would have been helpful to have listened to the call that Miss K is particularly unhappy about. It's unfortunate that Barclays hasn't been able to produce the call recording, and its own notes of the conversation are very brief. I've taken careful account of what Miss K has said about the call, and I have no reason to doubt her testimony of how it went and the impact on her. The confusing and misleading explanations Barclays has since given about the conduct of the account support her recollection that the staff member she spoke to couldn't explain why Barclays thought the mortgage was in arrears and gave her incorrect information about that. If the staff member thought he was dealing with a customer consistently in arrears, I can understand why he threatened collections activity – but, as I've said, that wasn't in fact Miss K's situation. The call should not have been about that, it should have been about why the due date was regularly missed and what could be done about it. It's understandable why Miss K found this confusing and upsetting.

I've not seen any evidence of any impact on Miss K beyond this, though. Barclays says it doesn't report arrears or missed payments to a credit file where they're below the equivalent of two months' payments (which is the case here). That's standard, and I have no reason to doubt what it says – especially since Miss K hasn't given us a copy of her credit file. She's explained that her credit score is lower than she'd expect it to be, but there could be many reasons for that and without a copy of her full credit file I can't say that this is because of anything Barclays has done. In any case, a "credit score" is just a comparative number provided by a credit reference agency. A lender considering an application for credit doesn't take any account of that, it looks at the detailed payment history on the full credit file.

### **Putting things right**

For that reason, while I uphold this complaint, I do so because of the impact on Miss K of the unexpected contact from Barclays and its failure to explain why it was doing so. It's reasonable for Barclays to have contacted her to discuss why payments were regularly being made late. But it wasn't reasonable for the staff member who did contact her to threaten her with collections activity when the mortgage wasn't in significant arrears overall and when that staff member couldn't clearly explain what the problem actually was – an error compounded by incorrect information given in the final response to Miss K's resulting complaint.

While I would have upheld this complaint anyway, I note that this call took place in October 2023 – after the introduction of the regulator's consumer duty. This puts more onus on firms to ensure that they are providing customers with clear and timely information, enabling them to make effective decisions about their accounts and manage them in such a way that they can meet their wider objectives. This reinforces my conclusion that Barclays' poor communication here meant that it didn't treat Miss K fairly.

I don't think there's any substantive action Barclays needs to take. It's not taken action against Miss K or her mortgage that needs to be reversed as a result of this call. But if it does contact Miss K again about the mis-match between the dates payment is due and payment is actually made, it should make sure it's able to properly explain why it is doing so and what it can do to help.

But Barclays should compensate Miss K for the considerable upset this call and its aftermath caused. Although this is a joint account, the upset was caused to Miss K alone and so I make an award of compensation to her specifically.

Taking into account the impact on her, I agree that £350 is fair in all the circumstances. That recognises the fact that she was caused considerable upset – but by a single incident, albeit one that Barclays couldn't explain properly afterwards – and takes into account her particular circumstances. I take her point that this is, to Barclays, a trivial sum that isn't likely of itself to prompt it to do things differently. But that's not the purpose of compensation – compensation is to deal with the impact on the complainant, not to send a message to the responsible firm. The fact that I have upheld this complaint and my reasons for doing so, rather than the level of the award, should prompt Barclays to learn from what happened and take steps to ensure Miss K is treated fairly in future.

### **My final decision**

My final decision is that I uphold this complaint and direct Barclays Bank UK PLC to increase its offer of compensation to £350 in total.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 25 July 2024.

Simon Pugh  
**Ombudsman**