

The complaint

Mr J complains that Barclays Bank UK PLC incorrectly reported mortgage arrears to the credit reference agencies. He says this resulted in another lender declining his request to extend a mortgage offer at the same interest rate. Mr J asks for compensation for his additional interest costs.

What happened

Mr J had a mortgage and mortgage current account (MCA) with Barclays. He intended to re-pay this and secured a mortgage offer from another lender in April 2022. Completion was delayed for reasons unrelated to Barclays and the mortgage offer expired in October 2022.

Mr J asked the new lender to extend his mortgage offer. It declined. Mr J says the lender declined to extend the mortgage offer because of adverse information wrongly recorded by Barclays on his credit file. Mr J had to apply to another lender. By this time, interest rates had increased. Mr J says he'll be about £25,000 worse off.

Barclays accepts it made an error when it reported Mr J's mortgage as in arrears. Barclays arranged for Mr J's credit record to be corrected. It provided a letter saying it was at fault, for Mr J to show his lender. It refunded interest of about £1,700 and paid £700 for the distress and inconvenience caused.

Our investigator said while Barclays had made an error its offer to put matters right was fair.

Mr J didn't agree. He was confident the lender would have extended the mortgage offer if Barclays hadn't damaged his credit score.

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 accepts it made an error. In mid-2022 it reduced the credit limit for Mr J's MCA below the balance. It then reported arrears to the credit reference agencies. The issue here is whether Barclays has done enough to put matters right.

Mr J contacted Barclays in October 2022 with his concerns about the adverse data on his credit file. Barclays says it reported corrected information to the credit reference agencies in mid-October 2022 and re-submitted this with further information in mid-November 2022. It provided a letter to Mr J for him to show to the potential lender confirming the credit issues were due to an error by Barclays. It refunded interest applied to the MCA between October 2022 and completion of the new mortgage in February 2023 (about £1,700). And it paid £700 compensation.

Mr J says this isn't enough. He says he's paying a higher rate of interest on his mortgage due to Barclays' error. He says if his credit score hadn't been adversely affected his lender would have extended the mortgage offer issued in April 2022 at the same rate. Because of

the adverse data it declined. He had to apply elsewhere at a higher interest rate, and the amount offered was lower meaning he had to use investments to pay the difference.

It was unfortunate that Mr J's mortgage didn't complete before the mortgage offer issued in April 2022 expired on 11 October 2022. Barclays wasn't responsible for this.

The lender had offered Mr J a mortgage in April 2022. If it declined an application in late 2022, it's possible the adverse information recorded by Barclays contributed to this. But a new application in late 2022 would have been made with an interest rate product available at that time. Interest rates had increased since April 2022.

What Mr J is saying is that but for the adverse data recorded by Barclays the lender would have extended the mortgage offer issued in April 2022 at the same interest rate. While I can understand Mr J's frustration, he hasn't been able to provide evidence that the lender would have extended the mortgage offer and the only reason it didn't was the adverse data from Barclays.

Mr J provided an email from the lender to his broker which said the decline decision was due to a failed credit score. This email is dated May 2023. It's unclear if this relates to the request made in late 2022 to extend the April 2022 mortgage offer. But in any case, this isn't the same as confirmation from the lender that but for the adverse data it would certainly have extended the mortgage offer at the same interest rate. And that this extension would have been for sufficient time for the mortgage to complete.

Based on the available evidence, I don't think I can fairly find that the only reason the lender didn't extend the April 2022 mortgage offer at the same interest rate and for the same loan amount was the adverse data recorded by Barclays. It follows that I don't think it's fair and reasonable to require Barclays to pay compensation for any consequences that flowed from the mortgage offer expiring and not being extended.

Mr J had to make a new mortgage application at the interest rates then available.

Mr J was offered a mortgage, but for a lower amount. Mr J had to source funds to make up the shortfall and says this had tax consequences. I don't think it's fair and reasonable to require Barclays to pay compensation for this. It's not clear that this was due to the adverse data recorded by Barclays, especially as it had arranged for this to be removed. There could have been other reasons for the lender offering a smaller loan. For instance, the lender might have offered a smaller loan for affordability reasons – interest rates and living costs had increased and each lender has its own criteria for assessing affordability.

I don't think it's fair and reasonable to require Barclays to pay all or some of Mr J's legal fees. I'm not persuaded these were incurred due to Barclays' error.

Nonetheless, this matter did cause Mr J upset and inconvenience. He had to contact Barclays to ask it to remove the adverse data. He had to explain the situation to potential lenders. I think it's right that Barclays paid compensation for this. I think, in the circumstances, £700 is fair and reasonable compensation for the upset and inconvenience caused.

It's unclear if the adverse data caused a delay with the second mortgage application. However, Barclays refunded interest applied to the MCA between October 2022 and completion of the new mortgage, which I think is fair and reasonable in the circumstances.

Overall, I think Barclays has done enough to put matters right. I don't think it's fair and reasonable to require it to pay further compensation or take further steps regarding this

complaint.

My final decision

My decision is that I do not uphold this complaint. That's because I find the steps taken and compensation paid by Barclays Bank UK PLC fair and reasonable in the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 22 April 2024.

Ruth Stevenson
Ombudsman