

## **The complaint**

Mr A complains that Barclays Bank UK PLC went back on an agreement it made with him to change his mortgage payment basis to 'interest only.'

## **What happened**

In 2015 Mr A took a mortgage with Barclays for approximately £163,000, on a capital repayment basis over 25 years.

In June 2023, the UK Government and the Financial Conduct Authority (FCA) launched the Mortgage Charter – a voluntary commitment from lenders to allow mortgage borrowers certain concessions if they were struggling to make payments due to increasing interest rates and the increases in the cost of living. Those concessions were subject to conditions.

On 4 August 2023 Mr A applied to Barclays to have his mortgage repayment method changed to interest only for six months – one of the concessions available under the Mortgage Charter. His application was successful, and Barclays changed his repayment method to interest only on 24 August 2023.

However, one of the requirements of this concession under the Mortgage Charter was that borrowers were up to date with their payments and Mr A's mortgage account was in arrears. Barclays noticed that Mr A didn't qualify some time after it had granted the concession. On 13 September 2023 Barclays wrote to Mr A saying it would change his repayment method back to capital repayment and proceeded to do so on 11 October 2023.

Mr A complained to Barclays on 11 October 2023. He said the lack of compassion, understanding and transparent communication from Barclays has significantly impacted his life adversely, in numerous ways. He supplied a letter from his mental health advocate to show the impact in that regard. Mr A explained that he had tried for six months before his successful application to arrange for the repayment method to be changed to interest only. Having finally done so, he was shocked and distressed to learn that the agreement had been reversed, especially given his status as a vulnerable consumer.

In its final response letter dated 13 November 2023 Barclays explained that Mr A's application under the Mortgage Charter passed initial checks, triggering the change and confirmation. But later, after further checks, Barclays noticed Mr A's application didn't pass the criteria – specifically that the arrears on the account had to be no more than £50. Barclays acknowledged its errors, including saying Mr A had "cancelled the arrangement" in its letter informing him of the change back to capital repayment. And it paid Mr A £200 in respect of the distress and inconvenience caused.

Dissatisfied with Barclays response, Mr A asked us to consider his complaint. Having discussed the matter with Mr A and having considered all the evidence available our investigator upheld Mr A's complaint and thought that Barclays should pay Mr A an additional £100 in respect of the distress and inconvenience caused to Mr A. But he said he didn't expect Barclays to change Mr A's account back to interest only because he had never qualified for that concession under the Mortgage Charter. Our investigator also noted that

Barclays' on-line application Mr A used asked if his mortgage account was up to date. Mr A had answered that it was up to date when the account was, in fact, in arrears.

Barclays accepted our investigator's opinion, but Mr A did not. He said the question around his account being up to date on Barclays on-line application system was ambiguous. And that ambiguity, combined with the confirmation letter he received, led him to believe that his application met the criteria. Mr A said Barclays error and the abrupt cancellation of the agreement has significantly exacerbated his financial distress and mental health issues. He said the appropriate compensation needs to be assessed, taking into account the full financial and emotional impact of Barclays' actions.

As Mr A disagreed with our investigator, his complaint has been passed to me for a decision.

### **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.

Both parties agree that Barclays made errors and handled Mr A's application to make a temporary change to interest only poorly. So, to decide Mr A's complaint, I've thought about whether Barclays offer of compensation is reasonable, taking all the circumstances into account.

I've seen that Barclays agreed Mr A's application when he didn't actually qualify for the concession under the Mortgage Charter. That said, consumers could apply for a switch of repayment method to interest only for six months if their mortgage account was no more than £50 in arrears.

Barclays contact notes show that Mr A was in contact with Barclays' litigation department about the arrears on the account in the months leading up to the application under the Mortgage Charter. And that he'd agreed plans to repay his arrears with additional monthly payments. So, I think it's reasonable to conclude he knew about the arrears.

Mr A hasn't said he didn't know about the arrears – only that he thought the question asking whether the account was up to date in the application was ambiguous. The contact notes show that question asked whether Mr A was "*up to date on mortgage payments*." I don't agree that was ambiguous. It's clear to me that if an account is in arrears, mortgage payments aren't up to date. That said, if Mr A was in an arrangement to repay his arrears and was up to date with that plan, I accept that it was a genuine error on his part. But I do think that error contributed to Barclays accepting his application when he didn't qualify for the concession.

In any event, I think Barclays should have been able to cross reference Mr A's application with its own records. It eventually did so but not in time to prevent Barclays informing Mr A in error that his application had been successful. It's that delay and the consequences of it that mean Barclays should compensate Mr A. Barclays also wrote to him saying he'd asked for the change to interest only to be reversed – that wasn't correct, and I understand that letter must have come as a shock to Mr A, causing him confusion and distress.

Mr A has said Barclays should reinstate the concession as part of its resolution to this complaint. However, like our investigator, I don't agree that's appropriate here. Mr A didn't qualify for the concession, so if Barclays had acted correctly, he wouldn't have received it. I accept that the incorrect information he received from Barclays meant it was more difficult to plan financially at that time, and I've taken that into account.

Mr A says the impact of Barclays' error was particularly significant because he is a vulnerable customer. And I've seen from Barclays notes that Mr A made it aware of his mental health challenges before his Mortgage Charter application. So, I think Barclays would have known that mistakes of this nature were likely to be more impactful to Mr A.

Overall, I don't think Barclays has prevented Mr A receiving a concession he qualified for – had Barclays acted correctly, he would never have received it. But Barclays actions have clearly caused distress and confusion as well as impacted Mr A's ability to plan financially for a short period. Taking everything into account, I agree with our investigator that Barclays should increase the amount it pays Mr A to £300 in total.

### **Putting things right**

To fairly compensate Mr A for the impact of its errors, Barclays should pay him an additional £100.

### **My final decision**

My final decision is I uphold Mr A's complaint about Barclays Bank UK PLC and it should pay him an additional £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 24 May 2024.

Gavin Cook  
**Ombudsman**