

The complaint

Mr C and Ms M complain that Barclays Bank UK PLC hasn't treated them fairly in relation to their mortgage.

What happened

Mr C and Ms M originally took out an interest only mortgage with Woolwich in 1997. In 2005, they switched the mortgage to repayment. At that point, there was around £121,000 outstanding and the mortgage was due to run over a term of around 17 years. Barclays is responsible for dealing with the complaint.

The mortgage came with a current account reserve facility. This was a type of overdraft secured against the mortgaged property.

The mortgage ended in 2022 and Mr C and Ms M had repaid the main balance of the mortgage. However, Barclays said that there was still an outstanding reserve balance of around £104,000 and it said this needed to be repaid given that the mortgage had ended.

Mr C and Ms M complained that when they had taken the mortgage out, they had understood that everything was covered by their monthly payment amount. They said they had not been told they needed to make separate payments to cover the reserve facility borrowing and that they were shocked to find that there was a large outstanding balance.

Barclays didn't uphold the complaint. In a final response letter (FRL) dated 1 July 2022 it said, in summary, that the mortgage offer letter had clearly set out the details of the mortgage current account and reserve facility. It said the offer made no mention of the monthly mortgage payment covering the outstanding reserve borrowing. It said that statements sent over time showed the reserve balance increasing rather than decreasing.

The letter states that Mr C and Ms M could refer their complaint to the Financial Ombudsman Service but they would need to do so within six months of the date of the letter. The letter goes on to say that if the complaint isn't referred to the Financial Ombudsman Service in time, Barclays would not consent to the Financial Ombudsman Service considering the matter.

Mr C and Ms M were unhappy with the stance Barclays had taken on the issue of the outstanding balance. They had also raised concerns about being given misinformation in calls that had taken place during May and June 2022. Barclays issued another FRL dated 15 July 2022. In summary, it didn't agree that it had provided any misinformation during the relevant calls.

It also re-iterated that it wasn't upholding the complaint about the information provided in 2005 about the mortgage and reserve facility and said the balance remained outstanding.

Mr C and Ms M remained unhappy with the outcome on the substantive issue of the outstanding balance and say they sent a number of letters to Barclays that weren't responded to. Barclays says it doesn't have a record of receiving many of the letters.

Mr C and Ms M received contact from the maturities department in relation to the outstanding balance, including mention of field agents visiting their property to discuss repayment of the balance. Mr C and Ms M asked that the maturities department liaise with the complaints department.

In November 2022, Barclays issued another FRL. In summary, it said that it didn't have a record of receiving any further letters in July or August 2022. It also said that it had already responded twice to the complaint relating to the outstanding reserve balance, that its decision remained unchanged and that Mr C and Ms M should accept the letter dated 15 July 2022 as its final decision regarding the complaint. The November 2022 FRL again said that Mr C and Ms M could refer their complaint to the Financial Ombudsman Service.

Mr C and Ms M say they sent a letter shortly after which included a Subject Access Request (DSAR). Barclays says it never received this.

Mr C and Ms M sent Barclays further letters in January and February 2023. They asked why Barclays hadn't responded to the DSAR and said that Barclays' ongoing unwillingness to engage about the situation was heightening the distress they were experiencing.

Barclays acknowledged the correspondence as a complaint in March 2023 and issued another FRL in April 2023 (which it appears was only received by Mr C and Ms M in May 2023). In summary, Barclays said it didn't have a record of receiving the DSAR. It said it had though received the letter sent in January 2023 and should have responded to it. It offered £25 for the distress and inconvenience caused by it not responding to this plus £5 for postage costs. In terms of the substantive issue of the outstanding balance, it said it had answered that complaint in July 2022 and issued a 'ratify' letter in November 2022 and wouldn't be looking at the complaint any further.

Following some further correspondence, Mr C and Ms M referred their concerns to the Financial Ombudsman Service.

An investigator here looked into things and issued an assessment saying that the substantive issue of the way the mortgage was sold and the outstanding balance wasn't something we could look at, because the complaint had been brought outside of the six month time limit and they couldn't see that exceptional circumstances (such as serious ill health) applied. This issue is being considered under a separate complaint reference.

The investigator said they could though look at the other issues covered in the April 2023 FRL because they had been referred to us in time. However, they didn't think Barclays needed to take any further action in relation to those issues.

In summary, they said they didn't think it was unreasonable for Barclays to engage a field agent, given the reserve balance had remained outstanding for some time. More generally, they thought it was reasonable for Barclays to be taking the action it was to recover the outstanding balance. They said there was no evidence Barclays had received the November 2022 letter mentioning the DSAR request and they thought the offer Barclays had already made for not responding to the January 2023 letter, was reasonable.

Mr C and Ms M said Barclays wasn't acting fairly in relation to the outstanding balance, because it was continuing to not engage with their attempts to reach a solution. They asked for the matter to be escalated to an Ombudsman and it has been passed to me to make a final 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.

Having done so, I do not uphold this complaint. I appreciate that Mr C and Ms M feel very strongly that Barclays hasn't treated them fairly. But in terms of the elements of the complaint that I can consider, I don't think Barclays needs to take any further action.

Before I explain why, I want to set out my role as an Ombudsman. It isn't to address every single point that's been made to date. Instead, it's to decide what's fair and reasonable given the circumstances of this complaint. And for that reason, I'm only going to refer to what I think are the most salient points when I set out my conclusions and my reasons for reaching them. But, having read all of the submissions from both sides in full, I will continue to keep in mind all of the points that have been made, insofar as they relate to this complaint, when doing that.

The outstanding balance

I do not have the power to consider Mr C and Ms M's concerns about the way their mortgage was sold and Barclays requiring payment of the full outstanding reserve balance. The reasons for this have been explained under a different complaint reference.

Mr C and Ms M say they have continued to try to engage with Barclays to find a solution to repaying the outstanding balance. But what they mean is they've been trying to get Barclays to agree to a solution that doesn't involve repayment of the full outstanding balance. For example, only needing to repay the capital borrowed. I appreciate that Mr C and Ms M think that the Financial Ombudsman Service should be able to comment on this. But I cannot comment on this, because it forms part of the complaint that I cannot consider, because it was brought too late.

Because of this, I cannot say that it is unreasonable Barclays continues to seek to recover the outstanding reserve balance. Like the investigator, I encourage Mr C and Ms M to engage with Barclays to agree a way forwards on this basis.

Other matters

Given that the reserve balance has been outstanding for some time, I don't consider it unreasonable that Barclays engaged field agents when it did, in recovery of the debt.

Regarding the November 2022 letter within which Mr C and Ms M made a DSAR. Barclays has no record of receiving this letter. Barclays has provided contact notes as part of its file and having reviewed these, there is no record of this letter being received. It's difficult to say why this was the case, but as Barclays doesn't have a record of receiving the letter, I can't say it has done anything wrong in not responding to it.

Regarding the January 2023 letter, there *is* a record of this in the contact notes. Barclays has already offered £25 to reflect the distress and inconvenience caused to Mr C and Ms M by it not having responded to that letter, plus £5 to cover postage costs. I consider that reasonable in the circumstances. I will leave it to Mr C and Ms M to decide whether to accept this, if they haven't already done so.

In conclusion, whilst I appreciate that Mr C and Ms M feel very strongly about what's happened, I do not require Barclays to do anything further, in relation to the matters that I can consider.

My final decision

My final decision is that I don't uphold Mr C and Ms M's complaint about Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Ms M to accept or reject my decision before 21 March 2024.

Ben Brewer
Ombudsman