

The complaint

Mr H complains about how Barclays Bank UK PLC has treated him since his mortgage term ended. He says it has been obstructive and failed to work with him while he repays the mortgage balance, and has threatened legal action and repossession.

What happened

Mr H took out his interest-only mortgage of around £250,000 with Barclays in 2007 over a term of nine years. The term was then extended for a further five years, and it came to an end in July 2021.

In June 2021, Mr H asked Barclays to extend the term for another year or two. He wanted time to sell another property he owned. Barclays' policy was to allow borrowers up to a year to sell in these circumstances. Barclays asked Mr H for various information about his finances and for his authority to discuss the property sale with his estate agents and solicitors.

Mr H provided that information, and Barclays put action to recover the mortgage debt on hold for a year. Mr H stopped making monthly payments towards the mortgage in July 2021, when the term ended and the direct debit for the mortgage was cancelled. Instead, he made various lump sum payments. He says he has been doing everything he can to repay the mortgage, including selling personal possessions and assets, and although he had another property on the market, he was unable to find a buyer. By October 2023, he had nevertheless managed to reduce the mortgage balance to just over £12,000. He has since stopped making payments, because he says he considers it inappropriate to do so while his complaint is ongoing.

Mr H was unhappy with the way Barclays was treating him and complained. He said it had refused to give his payment proposals proper consideration, was being unfair and aggressive and had done nothing to help, instead threatening legal proceedings and repossession.

Barclays sent Mr H its final response to his complaint on 22 September 2022. It said it had done nothing wrong and Mr H could refer his complaint to the Financial Ombudsman Service if he remained unhappy, but he had to do so within six months.

Mr H complained again, and also said that Barclays had wrongly accused him of lying about selling a property and not using the sale proceeds to repay the mortgage.

Barclays sent Mr H another final response on 9 May 2023. It accepted it had made a mistake with the property it thought Mr H had sold. It offered him £300 by way of apology. Mr H didn't accept that.

Barclays sent Mr H a third final response on 26 June 2023. It said it considered his complaint resolved but he could refer his complaint to the Financial Ombudsman Service if he remained unhappy.

On 14 August 2023, Mr H referred his complaint to the Financial Ombudsman Service. Our Investigator said that he had left it too late to refer the complaint about Barclays' treatment of him before 22 September 2022 to us, because he done so more than six months after Barclays' final response letter of that date.

The Investigator went on to look into the other, more recent parts of the complaint that she could consider, and concluded that Barclays had made a fair offer of compensation.

Mr H didn't accept the Investigator's findings about either the scope of our power to look into his complaint or the level of compensation. He said his complaint began in mid-2022 and is ongoing – it's about Barclays' overall poor treatment of him and the impact that has had, which includes significant stress and upset and legal costs, and for which £300 is nowhere near enough to compensate him.

The complaint was referred to me to decide. I issued a decision setting out the scope of the Financial Ombudsman Service's jurisdiction. I came to the same conclusion as the Investigator – that is, that I can only consider Mr H's complaint about how Barclays treated him after 22 September 2022, because Mr H had referred his complaint to us about what had happened before that too late, more than six months after Barclays sent him the first final response letter.

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.

While I can only consider Mr H's complaint about Barclays' treatment of him after 22 September 2022, in doing so I can bear in mind events leading up to that, since they are relevant background to the parts of the complaint I can determine.

Mr H's mortgage term ended in July 2021. Mr H had agreed to repay the mortgage at that point when the term was extended five years earlier, and Barclays was entitled to expect him to do so. Mr H asked for more time, because he said he had assets he needed time to sell in order to pay back the mortgage. I can't make any findings about Barclays' decision not to grant another formal term extension or about its regular reviews of Mr H's situation and its requests for updates from his solicitors and estate agents, since the complaint about events before 22 September 2022 is time-barred.

By September 2022, while Mr H had made some lump sum payments to reduce the mortgage balance, there was still a debt outstanding and more than a year had passed since the term came to an end. Mr H was still trying to sell property – but Barclays' position was that its policy only allowed borrowers a year to sell following term end. It wrote to Mr H confirming that in January 2023. It also said in its letter of 18 January 2023 that it expected Mr H to pay as much as he could afford to the mortgage each month in order to reduce the balance, but it hadn't received regular payments since the term ended.

In June 2023 Barclays wrote to Mr H notifying him that it was referring his mortgage to solicitors to begin possession proceedings. Possession should be a last resort but, ultimately, a lender is entitled to seek possession of a property if no agreement for repayment is reached. While Mr H had made significant inroads into the mortgage balance, so that in June 2023 it stood at just over £60,000, there was still no agreed plan for repayment in place, regular payments weren't being made, and the term had ended almost two years earlier.

It's unfortunate that things didn't turn out as Mr H had hoped and that he wasn't able to sell property as quickly as he had expected. I think, however, that Barclays considered his payment proposals and offered reasonable forbearance in the circumstances. I wouldn't expect it to have suspended debt recovery action indefinitely, and I think it was reasonable in contacting Mr H after September 2022 for regular updates.

That's not to say that Barclays didn't make mistakes. I think it did, and there's no dispute that it wrongly thought Mr H had sold a property and not used the sale proceeds to repay his mortgage, and it questioned Mr H about this. Barclays has since apologised to Mr H and offered him £300 by way of compensation.

Mr H has said that this level of compensation is far from enough given the way Barclays has treated him, and his strength of feeling is clear. I can certainly see that its mistake caused him upset and distress which could and should have been avoided. In all the circumstances, however, I consider that Barclays' offer is a fair in recognition of that. I don't find that I can reasonably require Barclays to pay Mr H several thousand pounds in compensation in these circumstances. There is more information on the Financial Ombudsman Service's website about our approach to awards for non-financial loss.

Mr H has reduced the mortgage balance substantially, bringing it down to around £12,000 by October 2023. He then stopped paying, in the expectation that compensation in this complaint would offset a sizeable portion of the debt. This final decision brings his complaint to an end, so I encourage Mr H to resume communication with Barclays to discuss repayment of the remaining balance if he hasn't already done so.

My final decision

My final decision is that Barclays Bank UK PLC has made a fair offer of compensation. It should pay Mr H £300 if he accepts my decision and if it hasn't already paid this compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 March 2024.

Janet Millington
Ombudsman