

The complaint

Mr and Mrs B complain about actions taken by Barclays Bank UK PLC at the end of the term of their mortgage. They say that it gave them wrong information, harassed them unnecessarily, misled them about what would need to be paid and when, and caused substantial upset and worry which impacted Mrs B's health in particular.

What happened

Mr and Mrs B had a mortgage and linked mortgage current account (MCA) with Barclays. The MCA operated like a secured overdraft, allowing Mr and Mrs B to withdraw and pay in money – up to a maximum borrowing limit, and subject to the full amount being repaid at the end of the mortgage term.

The term of Mr and Mrs B's mortgage was due to end in August 2022. Although their main mortgage would be repaid, they would be left with a balance of around £190,000. They agreed that their daughter would buy the property off them. In February 2022 they wrote and asked Barclays for a term extension from August 2022 to March 2023 to allow time for her to raise funds, including her own mortgage, and for the sale to go through. Barclays said it couldn't offer a term extension because of Mr B's age. But it said they should keep it updated with their plans.

Mr and Mrs B heard nothing until July 2022. During July and August they say they received a series of phone calls and letters asking them how they intended to repay their mortgage and threatening legal action if they didn't.

Mr and Mrs B completed an income and expenditure assessment and sent the form to Barclays. They also wrote to Barclays setting out their proposal to pay most of the outstanding balance of the mortgage on sale of the property to their daughter. They said they estimated that would leave a balance on the MCA of around £8,000 which they said they would repay by August 2023.

Barclays wrote to Mr and Mrs B saying that it had agreed that the balance would be repaid by sale of the property, and that it would allow until August 2023 for the sale to complete. It agreed that Mr and Mrs B would pay around £880 per month in the meantime.

Mr and Mrs B and Barclays therefore had different expectations of what would happen. Mr and Mrs B thought that they had proposed – and that Barclays had agreed – that they could retain part of the debt after the sale of the property, paying off everything by August 2023. But Barclays understood that the entire amount would be repaid on sale.

Based on their understanding, Mr and Mrs B's daughter obtained a mortgage offer from another lender. The offer was valid until May 2023. It wasn't for enough to clear the mortgage in full.

Following further correspondence and phone calls from Barclays in January and February 2023, Mr and Mrs B understood what Barclays expected. Barclays explained that it would require the full balance of the mortgage and MCA to be repaid on – not after – the sale of the

property, and it wouldn't release its charge (which would prevent the sale going through) unless it was paid in full.

Mr and Mrs B wrote to Barclays expressing their shock and upset at what had happened, and the difficult position it had left them in. They invited Barclays to consider allowing the sale to go through as planned and converting the remaining balance into an unsecured loan; reducing interest or writing off a portion of the balance; or allowing them to redeem based on the amount raised through their daughter's mortgage in recognition of the upset they'd been caused.

There were further emails and calls during February 2023. Mr and Mrs B were becoming increasingly frustrated and upset at their situation and in one email Mrs B suggested she might consider taking an overdose. Two days later Barclays called Mr and Mrs B to check on Mrs B's welfare. Mr and Mrs B were also unhappy about the conduct of this call.

Mr and Mrs B now understood that they would need to raise the full outstanding balance by May 2023, when their daughter's mortgage offer expired. They managed to do so, and the sale and redemption completed on 19 May 2023. Mr and Mrs B say that inaccurate information was given about the outstanding amount in the Barclays banking app. Mr and Mrs B complain that even after this, there continued to be problems. Barclays continued to write to them about increases in the interest rate, and sent them letters saying that there was still an outstanding balance. Mr and Mrs B made many phone calls trying to sort matters out.

Finally, in late July, Barclays confirmed that it had made an error and the mortgage had been paid off in full in May. The outstanding balance of just under £300 was caused by extra interest charged on the MCA because of a delay in reconciling the payment, and Barclays removed this interest. But then Barclays emailed them again, saying it was dealing with their request for a redemption statement. They continued to receive further correspondence about the mortgage, and it was only in September 2023 that Barclays released its charge over the property.

Barclays has issued several complaint responses in this case. In total, it's offered £350 compensation for the trouble and upset caused to Mr and Mrs B. Our investigator didn't think this was enough in Mr and Mrs B's particular circumstances, and said it should be increased to £1,000. Barclays didn't agree with that so the complaint comes to me for a final decision to be made.

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.

As well as the events I've summarised above, I've noted what Mr and Mrs B say about the experience of their daughter in applying for a mortgage with Barclays. But as she's not party to this complaint, that's not something I can deal with here.

I've summarised the events of this complaint – it is only a summary, both for reasons of brevity and privacy. But I have carefully considered everything that's been said and done in the course of this complaint.

It's not unreasonable that Barclays wanted the outstanding debt to be repaid. Mr and Mrs B borrowed the money from Barclays, and were always going to have to pay it back at some point. To my mind, the issue in this case is how Barclays went about that.

When Mr and Mrs B first asked for an extension, Barclays refused because of Mr B's age. I don't think this was appropriate. It might be reasonable for Barclays to have a maximum age limit for new borrowers. But Mr and Mrs B weren't new borrowers. They were existing borrowers asking for assistance in the form of more time to repay their outstanding balance.

While it's reasonable for Barclays to expect a mortgage to be repaid, it should show appropriate forbearance when payment can't be made at or before the end of the term – including working with borrowers to reach a point at which it can be repaid. I don't think it was fair, therefore, for Barclays simply to tell Mr and Mrs B that they weren't entitled to an extension because of Mr B's age. It ought instead to have considered their individual circumstances and plans for repayment and offered appropriate forbearance – which might have included a term extension.

Later in 2022, Barclays did agree to a one year period of forbearance to allow Mr and Mrs B to sell their property. But I don't think it handled this at all well. It's not unreasonable for Barclays to write to Mr and Mrs B reminding them that the term of their mortgage is coming to an end and that the balance needs to be repaid.

But when Mr and Mrs B responded, Barclays didn't consider their proposal properly. I think it was clear from Mr B's letter in September 2022 that they intended to retain part of the balance after the sale of the property. So when Barclays wrote to them in October to say their proposal had been accepted, Mr and Mrs B understandably thought they'd be able to do that.

As a matter of fact, Barclays was right. It's not possible to only pay off part of a mortgage whilst also releasing the charge and allowing a property sale. To sell the property Mr and Mrs B would need to repay in full. So the issue here is not that Barclays hadn't agreed to what Mr and Mrs B's proposal actually was, and that it required payment in full. The issue was that it hadn't properly appreciated what their proposal was – even though it was clear from Mr B's letter – and therefore led them to believe they could do what in fact they couldn't.

The result was that it was only in February that Mr and Mrs B came to understand that they would have to pay off their mortgage and MCA in full on the sale of the property – which needed to happen by May because of the date of their daughter's mortgage offer – rather than paying most of it off in May but having until August to find the shortfall.

This caused them a great deal of upset and distress. It had a particular impact on Mrs B, who was already vulnerable.

At the same time, Barclays told Mr and Mrs B that it would no longer accept the arrangement because it hadn't been able to get an update from their solicitor – though it's not clear that it had actually tried to do so before Mr B arranged for an update to be given.

By February 2023, then, Mr and Mrs B learned that they had a much shorter time than they had thought to clear the mortgage balance, and that the sale to their daughter might fall through as a result. And they had been told that Barclays would no longer agree to the plan they had proposed in any case. The pressure of this, and further contact from Barclays, caused great upset and led to Mrs B expressing thoughts that could be understood as suicidal (or at the least, as showing the serious impact the situation was having on her). Barclays followed up her email with a call to check on her welfare two days later, though that call too ended up being a long discussion about the mortgage.

Mr and Mrs B were able to repay the mortgage by May. I understand they sold their car to raise the additional funds to cover the shortfall on their daughter's mortgage.

But although Barclays received the payment to their mortgage account, it didn't transfer it to the MCA immediately. So even though Mr and Mrs B had paid the right amount on the day, by the time Barclays paid the money into the MCA further interest had been charged and so the account wasn't completely cleared.

Barclays rightly recognised that this was its error and cleared the balance. But it took until the end of July to do that. And it took until September for Barclays to remove its charge over the property. In the meantime Mr and Mrs B were left uncertain whether their mortgage actually had been repaid or not. And they received more letters about it in the meantime, including changes to the interest rate and redemption statements. They also spent much time trying to contact Barclays to understand what was going on. All of this caused further upset.

Putting things right

As I said at the outset, Barclays was entitled to expect the mortgage debt to be repaid. Mr and Mrs B understood that. They were willing to make payment. But they wanted some time to put their plan into action. I don't think their requests for more time were unreasonable. And I think that the way Barclays handled matters caused them – Mrs B in particular – really substantial upset and worry over a period of many months.

From failing to consider their initial request for forbearance appropriately, to misleading them about whether their repayment plan was acceptable, to failing to clear the mortgage balance and chasing them for money they'd already repaid, Barclays handled this situation poorly from start to finish. It's offered a total of £350 compensation. But, taking into account the length of time this went on for, and particularly taking into account the stress and worry caused to Mr and Mrs B over this period, I don't think this goes far enough. I agree with our investigator that compensation of £1,000 is fair in all the circumstances of this particular case.

My final decision

My final decision is that I uphold this complaint and direct Barclays Bank UK PLC to pay Mr and Mrs B £1,000 compensation (inclusive of any sums it may have paid to date).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 25 April 2024.

Simon Pugh
Ombudsman