

The complaint

Mr K complains that Barclays Bank UK PLC didn't assess affordability correctly when it offered him a mortgage. He asks that it refunds interest and payments.

What happened

Mr K took out a mortgage with Barclays in July 2017. Barclays wrote to him in October 2022 saying it had made an error when assessing his application. It said it hadn't taken all of Mr K's financial commitments into account in the affordability assessment and lent more money than it should have done. Barclays said it had reviewed the information available to it and didn't think the error had impacted Mr K's ability to pay the mortgage or caused him any financial loss.

Barclays paid Mr K £500 for its error and the time it had taken to contact Mr K about the error. Barclays paid a further £200 for delays in responding to Mr K's complaint.

Mr K asks that Barclays refunds interest and payments. He says he's now struggling to make payments and says the mortgage has harmed him financially.

Our investigator said as the mortgage appeared to be affordable before the Covid-19 pandemic, it was likely any difficulties were caused by the pandemic rather than due to Barclays' error.

Mr K didn't agree. He said the investigator couldn't reach a conclusion without all of the facts and figures regarding the affordability assessment – which Barclays says it can't now provide. Mr K said he took out a loan which he used to make mortgage payments and family also helped him with money.

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 is unable to provide details of its error with the affordability assessment – such as the amount of Mr K's commitments it failed to take into account, or what the maximum loan should have been. It said this is no longer available in its systems. I appreciate Mr K's frustration about this, and matters would of course be clearer if the information was available. Nonetheless Mr K has brought his complaint to us and I need to reach a fair decision based on the evidence that is available. I should explain that where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances. While it's unfortunate that Barclays can't provide more information about the mortgage application and affordability assessment, I think I have enough information to reach a fair decision about this complaint.

Barclays says Mr K's account has shown signs of financial difficulty since the Covid-19 pandemic. He took payment deferrals in 2020 and 2021 and a reduced payment plan in

2021. Mr K had arrears of about £920 (less than one contractual monthly payment) when it wrote to him in October 2022, which has since reduced slightly.

Barclays didn't think Mr K's difficulties were due to its error when it offered the mortgage as the account was managed well prior to the Covid-19 pandemic.

Mr K doesn't agree with this. He says he struggled with his mortgage payments at times. Mr K says he took out a £20,000 loan from Barclays which he used towards his mortgage payments. And family members helped him with payments. We asked both parties for more information about this.

Mr K sent evidence of a loan from Barclays in August 2017 and of a later loan taken out in August 2019. Barclays sent a copy of the loan agreement for August 2019. It says it can't now provide a copy of the loan application or information about the reasons Mr K gave for wanting the loan.

Mr K said the help he received from family was sporadic and he could only evidence help from a family member of about £4,700 since he took out the mortgage. Mr K sent screen shots of payments from his bank account to an account in the same name. It's unclear how these payments relate to a relative providing help with the mortgage. But other than one payment of £180 in late 2017, all of the payments are from 2020 onwards and about £4,000 of them were made after the first Covid-19 lockdown in March 2020.

I've looked through Barclays records of its discussions with Mr K. In March 2020 Mr K contacted Barclays about a new interest rate product. He said he was thinking about paying £20,000 off the balance to reduce the loan to value ratio. This suggests that Mr K wasn't struggling with his finances at that time.

Mr K contacted Barclays in late 2020 asking to switch to interest only payments. Barclays agreed two payment deferrals, totalling six months. Mr K asked for further support at the end of the payment deferral period. He told Barclays he was living on benefits with an occasional day of paid work. He hoped to find new employment in mid-2021. Barclays agreed an interest only concession.

In mid-2021 Mr K told Barclays the Covid-19 pandemic had affected him financially. He'd started working on a self-employed basis and wasn't able to earn as much as he had previously. He said he was applying for jobs and hoped to have work later in the year. Barclays agreed to return that month's payment, which led to arrears. Mr K told Barclays in September 2022 he'd take care of the arrears in a few weeks.

Mr K took out a new product in May 2023. He raised a complaint in July 2023, saying he wanted Barclays to investigate what had happened when he applied for the mortgage.

I'm sorry that Mr K has struggled with his mortgage payments and financial situation. This must have been a difficult time for him. It's unfortunate that Barclays can't provide more information about his mortgage application in July 2017 and the error it made with the affordability assessment. But I don't think, based on the available evidence, that I can fairly and reasonably find that Mr K's financial problems were due to an error made by Barclays when it assessed his mortgage application. The evidence that is available to me suggests that Mr K's financial problems started during 2020 and resulted from his income falling as a result of losing his job or not being able to work during the Covid-19 pandemic. Barclays paid £500 for its error and offered another £200 for delays in responding to Mr K's complaint. I think this is fair and reasonable in the circumstances.

In the circumstances, I don't think it's fair and reasonable to require Barclays to refund

interest or Mr K's mortgage payments. I'm pleased that Mr K contacted Barclays when he needed support with his mortgage and that Barclays was able to offer support. I'd urge Mr K to stay in contact with Barclays if he continues to have difficulty maintaining mortgage payments. And I'd expect Barclays to respond to Mr K fairly and positively and in accordance with rules on mortgage regulation.

My final decision

My decision is that Barclays Bank UK PLC should pay £200 to Mr K (in addition to the £500 it has already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 14 May 2024.

Ruth Stevenson
Ombudsman