

## **The complaint**

Mr and Mrs H's complaint is about a secured commercial loan their business partnership has with Barclays Bank UK PLC. They want to be compensated for the financial losses and stress caused by mistakes made by Barclays when the term ended and they asked for the loan to be renewed. While the mistake was rectified, Mr and Mrs H have complained that they have not received an acknowledgement of it or an apology from Barclays.

## **What happened**

Toward the end of 2016 Mr and Mrs H applied for a commercial loan with Barclays to consolidate existing borrowing. The loan was secured on their residential and commercial property. It was for an initial amount of £225,000 over a term of six years. The monthly payments were calculated on the basis of the capital being repaid over a term of 25 years, rather than the six-year term. The loan was advanced in April 2017. Mr and Mrs H have said they understood the term would be extended at the end of the six years.

On 14 April 2023 Barclays wrote to Mr and Mrs H to confirm the loan had reached the end of the term and they needed to pay the outstanding balance. Actions that Barclays could take if Mr and Mrs H didn't repay the balance were listed, which included restricting access to all accounts, and cancelling standing orders, direct debits, cards and overdrafts to their business accounts.

On 21 April 2023 Mr H called Barclays as they had received a letter about the term of the loan ending and the debt needing to be repaid. He explained that when they had taken the loan in 2017 it had been done on the basis that the loan would be extended when the initial term expired.

In a separate call on the same day between Mr H and Barclays, Mr H again confirmed that they wanted to extend the loan if possible. Barclays told him what documentation it would need to consider extending the loan. It said it would send him an email that he could forward to his accountant and once it had received the information needed, it would call him back to discuss Mr and Mrs H's requirements. Mr H was told that as the loan term had ended, they would get letters asking that it be repaid. Barclays said if that happened, he just needed to call the number on the letters and let that department know that he had been in contact already and Barclays was waiting for accounting information.

Mr and Mrs H provided the documentation requested later that month. They were told at the beginning of May 2023 that there was high demand for business lending, which is why no-one had contacted them, but they should get a call within the next seven days.

Another chaser letter for the loan repayment was sent to Mr and Mrs H on 16 May 2023.

Barclays confirmed in an email of 22 May 2023 that, despite it having concerns over the affordability of the loan, it would agree to lend them the money they needed on a five-year contract with the repayment profile being 19 years, in line with the original agreement from 2017.

There was a slight delay in the new loan offer being issued to Mr and Mrs H due to technical difficulties at Barclays. The offer was sent on 8 June 2023. It was for £106,000 over a term of five years. The monthly payments were calculated over the five-year term, rather than the 19 years agreed in the previous email. The monthly payments were £2,127.67.

On 27 June 2023 Barclays emailed Mr and Mrs H to check they had received the loan documentation and to ask if they'd had the opportunity to sign and return it.

On 29 June 2023 Mr and Mrs H wrote a letter to Barclays to question the offer they'd received. They asked questions about overpayments and questioned the term of the loan, as they'd discussed a term of ten years.

The following day Barclays emailed Mr and Mrs H to again check that they had received the loan offer and questioned whether it had been returned.

Mr and Mrs H chased a response to their letter of 29 June 2023 by email on 5 July 2023. Barclays confirmed it hadn't received the letter. Mr and Mrs H emailed their queries to Barclays and they were provided responses that day.

It was also realised following a conversation between Mr H and Barclays on 20 July 2023 that the offer that had been sent had been incorrect. On 24 July 2023, Barclays issued a revised loan offer for £106,000 over a term of five years. However, the capital repayment was calculated over 19 years, as had previously been agreed. This meant that Mr and Mrs H only had to pay £892.12 each month. Barclays also emailed Mr and Mrs H the same day. It confirmed the error that had been made and apologised for it having happened. The email asked Mr and Mrs H to sign and return the documentation as soon as possible.

Mr and Mrs H complained to Barclays in August 2023 and followed it up with a written complaint in September 2023. They set out what had happened and what this caused them to do, and the losses they'd suffered as a result. These being that they had decided they needed to sell a buy-to-let property they owned in order to release funds to repay the loan, which resulted in them having to pay out over £2,000 to refurbish the property and a loss of rent from July 2023. It would also involve them paying estate agents fees of £2,000. In addition, Mr and Mrs H told Barclays that they had sold some cattle privately for a sum considerably below market value and had made a loss of £2,000 on the transaction.

Barclays responded to the complaint on 29 November 2023. It agreed that it had made an error when the offer was made in June 2023, but it was satisfied that the error had been corrected once Mr and Mrs H had raised the matter. Barclays also accepted that it did not follow Mr and Mrs H's request to correspond via letter, and it apologised for this. However, it didn't accept that it had acted inappropriately in issuing the repayment chaser letters in April and May 2023. Nor did Barclays accept that the evidence suggested they had been pressured into signing the loan documentation. Barclays offered Mr and Mrs H £225 compensation for the poor service they'd received.

Mr and Mrs H were not satisfied with the response they received from Barclays and referred their complaint to this Service. They explained that when they received the threatening letter and were told they could only have a five-year loan in May 2023, they started selling assets in order to repay the loan. Mr and Mrs H have said that they were particularly concerned that if Barclays had followed through on its threats regarding their business accounts it would have meant bankruptcy and the loss of their home, so they felt they had to take action.

One of our Investigators considered Mr and Mrs H's complaint. He concluded that Barclays had rightly upheld the complaint in part regarding the service they had received. In relation to the financial losses Mr and Mrs H had claimed for, the Investigator was not persuaded that

Barclays could be held responsible for them. However, he didn't think the compensation offered by Barclays was sufficient in the circumstances and recommended that it be increased to £600.

Barclays didn't accept the Investigator's conclusions in relation to the increase in the compensation payment. It was satisfied that the offer it originally made was sufficient, given that Mr and Mrs H could have mitigated the impact of its mistakes had they spoken to it about their concerns earlier. Barclays asked that the complaint be referred to an Ombudsman if the Investigator didn't agree that the original amount offered as compensation was sufficient.

Mr and Mrs H expressed disappointment that Barclays hadn't accepted the Investigator's conclusions. They said that when they had tried to evidence the payment they'd received for their livestock, and so the loss they'd suffered, Barclays hadn't provided them with a copy of the cheque they'd asked for and needed. In addition, they said the harassment regarding signing the incorrect loan document was in the telephone calls they had with Barclays. Mr and Mrs H also reiterated that they'd asked for all correspondence by letter as they didn't always have access to emails.

### **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.

I will firstly address the issue of Barclays method of communication. Mr and Mrs H expressed a clear preference for communicating either face to face, or by letter, rather than email. I can see from the contact history Mr H had told Barclays this before the period in question. He explained that he was not good with technology and could not always access emails. However, Barclays didn't follow that preference and told him that it was not possible on one occasion – when it wanted Mr H and his accountant to have the details needed to send information Barclays needed to assess the application. This was a clear failing on the part of Barclays. That said, given Mr and Mrs H's loan had already expired before any contact was made with Barclays, there was a certain urgency to moving matters forward and email is usually faster. While frustrating that their preference was ignored by Barclays, I don't consider that Mr and Mrs H were disadvantaged by its use of email to communicate with them, as they clearly received the emails and were able to respond.

Barclays sent Mr and Mrs H letters chasing repayment of the loan. This was not an unreasonable thing for Barclays to do in April 2023, as the loan term had already expired and it hadn't heard from them to discuss either renewing or repaying the facility. Such letters are generally sent to prompt a response from borrowers and that is exactly what the first of the two letters did – it caused Mr H to contact Barclays. In relation to the potential consequences listed in the event the loan was not repaid, I think it was clear that they were only potential consequences and were not something Barclays was going to immediately put in place.

I note that Mr and Mrs H have said that when they received the second of these letters, with no agreement having been reached to renew the loan, they became worried. I can understand that, but I would caveat that with recognition that the member of staff Mr H had spoken to in April about renewing the loan had warned him that further such letters might be sent and told him what to do – to tell that department what was happening. There were several weeks between that conversation and the letter in May 2023, so I accept Mr H may have forgotten what was said.

It was also not unreasonable for Mr and Mrs H to have a back-up plan in the event that Barclays would not renew the loan. However, I don't consider that it would have been reasonable for Mr and Mrs H to have taken action on that back-up plan before Barclays had the opportunity to fully consider the application.

That said, Mr and Mrs H were told one thing in the email from Barclays confirming the application had been accepted, but then, when the paperwork arrived a couple of weeks later, it said something else and told them they had to make monthly payments they couldn't afford. I think the explanation that the application had failed affordability checks, which was why Barclays was only willing to offer the loan over a shorter term than Mr and Mrs H wanted, would also have caused some alarm. All of this would not have helped Mr and Mrs H's anxiety levels or reassured them that they weren't going to have to find over £100,000 to repay the loan. Any delays in that process potentially having wider implications on their personal and business banking arrangements.

That said, Mr and Mrs H could have raised all of their concerns with the loan offer at the same time – in their letter of 29 June 2023 (which Barclays doesn't appear to have received) and their follow-up email of 5 July 2023. I note that there was a delay between the offer being issued and Mr and Mrs H's response, but it appears that they were on holiday during that period, which Barclays was aware of. So even if Mr and Mrs H had raised their concerns earlier, it would only have made a difference of around two weeks to when Barclays' error would have been corrected and Mr and Mrs H would have been able to stop worrying about the consequences of needing to repay the loan balance.

Mr and Mrs H have complained that they felt they were harassed by Barclays and pressured into signing the loan documentation. How actions are perceived is a very subjective matter; everyone reacts to and perceives things differently, especially "in the moment", when subject to the stresses that are inherent in dealing with the kind of situation Mr and Mrs H were. To one person taking action to check in and reinforce the urgency of moving matters forward, is another person's idea of bullying or harassment. I can't say one party's reaction isn't valid. However, looking at the evidence I have, I am not persuaded that Barclays behaviour was inappropriate in the circumstances as they were in June and July 2023.

Mr and Mrs H have told us they sold livestock before they usually would and so suffered a loss. It is not clear from their submissions when this happened as they haven't provided us with any evidence of the transaction, but the livestock pricing information they've given us is from July 2023. I note they have criticised Barclays because it has not provided them with a copy of the cheque linked to the transaction. However, that would not have evidenced the sale sufficiently for consideration of loss. That said, if the sale happened in July 2023 that would have been more than a month after Barclays had told Mr and Mrs H it was willing to lend to them. As I have said above, it was entirely reasonable for Mr and Mrs H to have a back-up plan in the event that the loan application was rejected but following through on that plan despite knowing that the borrowing had been approved, even if there were some contradictions in what they'd been told, was not reasonable. I can't reasonably hold Barclays responsible for any loss they made on the livestock transaction they told us about.

The same applies for the costs of renovating Mr and Mrs H's buy-to-let property and any costs or losses associated with its sale. They confirmed that the property was tenanted until July 2023, by which time Mr and Mrs H knew they wouldn't need to repay the loan. So if they decided to sell at that point, I can't hold Barclays responsible for any costs or losses associated with their decision.

I now need to consider the compensation Barclays offered Mr and Mrs H. It considered it is sufficient as Mr and Mrs H could have pointed out its error sooner and so they wouldn't have been worried and stressed for as long as they were. As I have said above, even if that had

happened, it would have only made a couple of weeks difference in the timescales. Having considered what happened and when, I am satisfied that the service Mr and Mrs H received was not what they reasonably could have expected and Barclays has accepted this was the case. I have also considered what Mr and Mrs H have told us about how they felt during the process and how anxious and worried they were. I've also considered what Mr H has told us about his health deteriorating because of that anxiety and worry. I don't consider the £225 Barclays has offered is sufficient and the £600 the Investigator recommended is more proportionate in the circumstances.

### **My final decision**

My final decision is that I uphold this complaint in part. In full and final settlement of the complaint I order Barclays Bank UK PLC to pay Mr and Mrs H £600 compensation.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs H to accept or reject my decision before 20 September 2024.

Derry Baxter  
**Ombudsman**