

The complaint

Mr K complains that Barclays Bank UK PLC have incorrectly reported his buy-to-let mortgage accounts as being in arrears. He also complains about the customer service he's received from Barclays, and the time taken to resolve his concerns.

What happened

Mr K is a buy-to-let landlord with a portfolio of properties. He has four buy-to-let mortgages with Barclays.

In March 2023 Mr K complained to Barclays about information they'd recorded on his credit file. In July 2023 Barclays sent Mr K a final response letter. They said adverse information had been reported to credit reference agencies incorrectly for Mr K's buy-to-let mortgages. They offered to pay him £5,749.60 for the losses he'd incurred as a result, and an additional £1,000 for the distress and inconvenience caused.

On 11 July 2023 Barclays wrote to Mr K to tell him that one of his mortgage accounts was in arrears. Mr K made a payment on 24 July for that month.

On 18 August 2023 Barclays called Mr K, but Mr K said he was on holiday so couldn't talk for long. The Barclays adviser didn't state the reason for the call, but Mr K said his mortgage payments for August would be made either that day or the next, and the call ended.

Barclays wrote to Mr K on 14 September 2023 to inform him that one of his mortgage accounts was still in arrears of £1,926.72.

On 21 September 2023 Barclays contacted Mr K about his mortgage accounts as three of his accounts had not received payments in August. This was because Mr K had mistakenly made all four of his August payments to one account instead of the four separate accounts. On the call Barclays told Mr K that the payments would be re-distributed among his accounts, but that would still leave some arrears on his accounts. They told Mr K he'd need to clear those arrears before the end of the month. The Barclays adviser assured Mr K that the payments made to the wrong account would not be reported as missed payments as Barclays had received the payments.

On 28 September 2023 Mr K called Barclays to discuss clearing the arrears. He asked the amounts he needed to pay before the end of the month. The adviser told Mr K the arrears amount for each account. Mr K queried the amount for one of the accounts as he said it sounded too high. Mr K said he'd made a payment last month so it must be less than the amount the adviser had stated. The adviser said in that case Mr K needs to pay half that amount. She said one of the accounts was showing as not having any arrears. Mr K made the payments to each account during the phone call based on the amounts given by the adviser.

On 6 October 2023 Mr K contacted Barclays again as he noticed on his credit file that there were arrears showing on his mortgage accounts when he had not missed any payments.

Mr K wrote to Barclays again on 21 October 2023 asking for the matter to be resolved. He said he had been refused further lending which was causing detriment to his business. He said he called to pay the arrears for one of the accounts on 28 September but was told by the adviser that there were no arrears to be paid. He said he challenged that information, but

the adviser told him there was no more to pay. Mr K continued to write to Barclays throughout November and December to chase the progress of his complaint.

Mr K asked our service to look into things. He said the issues he'd experienced with Barclays had led to him being declined for numerous loans, and he's had to resort to second charge mortgages with high interest rates and fees. He said his business had been hindered, causing financial loss and missed opportunities. He also said the stress of the matter was causing sleepless nights, anxiety, and had put stress on his marriage. He was concerned that even after Barclays update his credit file, he would still be impacted for the following six months as his failed credit applications will still be recorded for lenders to see.

At the time Mr K brought his complaint to us, Barclays had reported the following for each of Mr K's mortgage accounts:

Account one – arrears for September, October, November

Account two – arrears for July, August, September, October, November

Account three – arrears for August

Account four – arrears for August

Barclays said that after some investigation into the matter, they'd found that in July 2023 Mr K had put the incorrect reference number on one of his payments and so it had been paid to a different account (not one of his own). They said in August 2023 Mr K had paid all four of his monthly payments into one account. So three of his mortgages had not received payments that month.

Our Investigator looked into things and said Barclays should do the following to put things right:

- Remove the arrears markers for account number one once Mr K has made a payment of £830.74 to clear the arrears
- Take steps to transfer the incorrect July payment to Mr K's account (account two) and update the credit reference agencies to reflect that account as being up to date from the month Barclays became aware the payment was made to the incorrect account.
- Pay Mr K £150 for the distress and inconvenience caused.

She didn't think Barclays needed to remove all the arrears markers as they have a duty to ensure they are reporting accurate information to credit reference agencies, and Mr K's accounts were in arrears due to the fact he hadn't made his payments to the correct accounts.

Barclays said the July payment had been re-allocated to Mr K's account in February 2024. The arrears on that account had been reported from July to December 2023. They said account number one was still in arrears.

Mr K disagreed with the Investigator's view. He didn't think it was fair that arrears should be reported when Barclays had received the payments, just not to the right accounts. He said they have a duty to check the source of funds when payments are made and so they should have recognised he'd made payments to the wrong accounts. He didn't think the Investigator had considered the relevant rules and principles set by the regulator.

My provisional decision

I issued a provisional decision on 22 May 2024. This is what I said.

"I firstly want to make clear that whilst I have only summarised the events above, I have carefully reviewed all the information sent to us by both parties. I appreciate Mr K's strength of feeling about this issue, and I mean no discourtesy by only summarising his submissions to us. I'm sorry to hear about the impact this issue has had on Mr K.

Should Barclays have recorded missed payments on Mr K's mortgage accounts?

Mr K says he makes his monthly payments manually by completing online transfers, or sometimes he will call and make the payments over the phone.

In July 2023, one of Mr K's monthly payments went to another borrower's account as Mr K made an error when inputting the payment reference online. In August 2023, monthly payments weren't received on three of Mr K's accounts as he'd paid all four of his payments into one account by mistake. So for July and August Barclays had reported missed payments for the relevant mortgage accounts, which is factually accurate as those accounts had not received payments before the end of the month. Barclays have a responsibility to ensure they're reporting accurate information to credit reference agencies, so by reporting the arrears for the relevant months, Barclays were not acting in error.

Whilst Mr K acknowledges his mistakes, he says that Barclays have a responsibility to check the payments they're receiving to ensure they're coming from the right customer's account. As far as monthly payments are concerned, I'm not persuaded Barclays have a duty to monitor the incoming source of each payment on every account each month to ensure it's come from the correct account holder. There aren't any regulations that say they must do that. Mr K is right in that lenders need to show due diligence to ensure that when accepting lump sum payments, they're satisfied with the source of funds. But that doesn't apply to the situation here. And that wouldn't have made a difference to the missed payments in August as Mr K had made the payments to his own account, which wouldn't have alerted Barclays to a potential problem.

Mr K also says he wasn't made aware that the July payment hadn't been received. And he believed the August payments had been put right as a result of the conversations he had with Barclays in September. Whilst I've said Barclays didn't have an obligation to track all incoming payments to ensure they'd come from the correct account, they did have an obligation to contact Mr K about any missed payments as set out in the Mortgages and Home Finance: Conduct of Business Sourcebook (MCOB) chapter 13. So I'll now go on to consider whether Barclays did enough to make Mr K aware of what happened, and the customer service Mr K received.

Barclays' customer service

Whilst Mr K made the initial mistake of sending his payments to the wrong accounts, I'm satisfied having considered the contact history of the account, that Barclays did not make the account positions clear and have caused further confusion for Mr K.

Barclays haven't been able to provide evidence to show they notified Mr K of the arrears caused by the July payment not reaching his account. They wrote to him on 11 July about arrears, but that was before he made the payment on 24 July. The next contact was in August when Barclays rang Mr K, but the adviser did not state the reason for that call or mention any arrears or missed payments. The notes suggest Barclays may have sent Mr K a letter in August, but when we've asked Barclays about this, they've not been able to find evidence of a letter sent.

Barclays did write to Mr K in September to notify him of arrears, but then during the calls that followed that letter, this wasn't followed up properly. The Barclays adviser did tell Mr K the arrears figure during the call on 28 September, but when Mr K challenged the amount, the adviser agreed Mr K just needed to pay half of what she'd said. That was wrong and led to the arrears continuing to be reported as they remained unpaid.

Mr K complained in October because he discovered arrears had been reported on his accounts. Barclays did not issue a final response letter to the complaint, and it wasn't until they sent their submissions to our service in February 2024 that it was established what had actually happened to the July payment.

In line with the Financial Conduct Authority's (FCA's) principles, Barclays had an obligation to give Mr K information that was clear, fair, and not misleading. Having considered the contact history of Mr K's account, I'm not satisfied Barclays gave Mr K clear information about his mortgage accounts during their interactions with Mr K from July 2023 onwards. They did not tell Mr K that he'd missed his July monthly payment on one of his accounts, and during the phone calls in September, they did not make the account positions clear to Mr K. Following that, when Mr K noticed the arrears markers in October 2023 and asked Barclays what had happened, it took Barclays over four months to establish the cause of the problem and why the arrears had been reported in the first place.

On balance, I'm persuaded that had Barclays been clear with Mr K about what had happened sooner, the missed payments could have been identified and re-allocated to the correct accounts in a more timely way. Whilst the arrears were initially caused by Mr K's mistakes, I'm not persuaded Barclays gave him the opportunity to rectify those mistakes by bringing the accounts up to date in good time.

There was additional confusion caused by the fact that Barclays had made previous errors when reporting arrears on Mr K's accounts which had been the subject of another recent complaint. But Barclays' advisers added to that confusion during their conversations with Mr K in September by firstly assuring him that there wouldn't be any arrears reported on his accounts because of the payments going to the wrong accounts, and then when Mr K asked to clear any arrears and bring his accounts up to date, he wasn't told the correct amounts he needed to pay. The customer service Mr K then received from Barclays after he complained in October was also poor. Mr K had to chase several times for a response, and Barclays provided Mr K with deadlines for updates or responses that they repeatedly missed. They didn't send Mr K a final response letter, and only discovered what had happened once our service had become involved.

It's clear from the emails Mr K was sending to Barclays, and also the submissions he has sent to this service, that this matter was causing him a great deal of worry. And I think a lot of that could have been avoided had Barclays investigated matters sooner and been clear with Mr K about what had happened.

Putting things right

Mr K did not make all of his monthly mortgage payments to his correct accounts for the months of July and August. For the reasons I've explained above, I'm satisfied that those payments could have been re-allocated to the correct accounts sooner had Barclays engaged with Mr K about the arrears in a way that was clear. If that had happened, there would not have been any arrears on Mr K's accounts after August 2023. And none of the accounts would ever have been more than one month in arrears at any given time.

As a result, in order to put things right I think Barclays should:

- Re-work Mr K's mortgage accounts as if the July 2023 payment had been re-allocated to his account in August 2023. This is what ought to have happened if Barclays had told Mr K about the missing payment and it had been investigated at the time. The re-work will include Barclays refunding any additional interest that has been charged on the account as a result of the missing payment, and putting the account back in the position it should have been at that time had the payment been made to the correct account during August 2023.
- Update the way they've reported Mr K's mortgage accounts to credit reference agencies to reflect that there were no arrears on any of Mr K's accounts after August 2023. And that the arrears in July and/or August were never greater than one month.
- If Barclays think there are still arrears on any of Mr K's accounts after the payment has been re-allocated (and backdated to the date mentioned above), these should be extinguished. This is because Mr K was assured by Barclays in September of the

amounts he needed to pay to bring the accounts up to date, and Mr K paid those amounts. As far as I'm aware, Mr K has continued to pay all of his monthly payments since these problems occurred so there should not be any further arrears to pay after the re-allocation of the missed payment and the refund of any resulting interest. If Barclays consider that Mr K's accounts should still be in arrears after the re-work set out above, they should clearly explain to our service where those arrears originated from, and why they think the amounts remain outstanding.

Mr K has sent us evidence of the losses he feels he's incurred as a result of Barclays reporting arrears. As I'm satisfied there would always have been at least one month of arrears reported on three of his accounts, I'm not persuaded Barclays should have to pay for those losses.

However, it's clear how much distress and inconvenience this issue has caused Mr K. He's spent a lot of time and energy trying to get to the bottom of this problem with Barclays unsuccessfully. He's received conflicting and confusing information throughout the process, and at the same time he's been trying to re-mortgage some of his buy-to-let properties not knowing the true position of his accounts. As a result, I think Barclays should pay Mr K £500 for the distress and inconvenience their actions have caused. This is in addition to the payments made to resolve Mr K's previous complaint."

Responses to my provisional decision

Barclays accepted the proposed outcome to settle this complaint.

Mr K said that he felt the recommended settlement figure was still too low, particularly in light of the fact Barclays paid him £1,000 to resolve his previous complaint. He said Barclays has been identified to have made many mistakes and caused much in the way of distress and confusion, misleading him and acting too slowly. Mr K said clinical depression has resulted from Barclays' poor service.

Mr K also said he's had to stay subscribed to a credit reporting website which is costing £12 per month.

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, including the latest comments provided by Mr K, I remain satisfied that the outcome I reached in my provisional decision remains fair and reasonable in all the circumstances.

I appreciate Mr K has compared this complaint to the previous issues he had with Barclays and the compensation he received. Our service treats each individual case on its own merits, albeit I have taken account of the fact that the events leading to Mr K's previous complaint added to the confusion caused during the subsequent events. The arrears resulted from Mr K's errors in this case. Barclays' actions after those errors were made compounded the problem, but they did not cause them.

I have thought carefully about everything Mr K has said, but I remain satisfied that £500 is a fair amount of compensation to rectify the distress and inconvenience Barclays caused directly during this issue. I also note Mr K's comments about his credit file subscription. I'm not persuaded that's something Barclays should have to cover the cost of as it's something Mr K has chosen to do.

Putting things right

I remain satisfied that Barclays should do the following to put things right for Mr K:

- Re-work Mr K's mortgage accounts as if the July 2023 payment had been re-allocated to his account in August 2023. This is what ought to have happened if Barclays had told Mr K about the missing payment and it had been investigated at the time. The re-work will include Barclays refunding any additional interest that has been charged on the account as a result of the missing payment, and putting the account back in the position it should have been at that time had the payment been made to the correct account during August 2023.
- Update the way they've reported Mr K's mortgage accounts to credit reference agencies to reflect that there were no arrears on any of Mr K's accounts after August 2023. And that the arrears in July and/or August were never greater than one month.
- If Barclays think there are still arrears on any of Mr K's accounts after the payment has been re-allocated (and backdated to the date mentioned above), these should be extinguished. This is because Mr K was assured by Barclays in September of the amounts he needed to pay to bring the accounts up to date, and Mr K paid those amounts. As far as I'm aware, Mr K has continued to pay all of his monthly payments since these problems occurred so there should not be any further arrears to pay after the re-allocation of the missed payment and the refund of any resulting interest.
- Pay Mr K £500 for the distress and inconvenience caused.

My final decision

Considering everything, for the reasons I've explained above, and in my provisional decision, I uphold this complaint and instruct Barclays Bank UK PLC to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 12 July 2024.

Kathryn Billings
Ombudsman