

The complaint

Mr K complained that Barclays Bank UK PLC appointed a receiver because of arrears on his Buy To Let (“BTL”) mortgage with it. But he said he got no notice of this, and he’d tried to pay the arrears. He thought Barclays’ actions were illegal.

What happened

Mr K said Barclays had appointed a receiver for his property without following due process. He said Barclays should have made reasonable efforts to remedy the breach, and then sent a warning notice. He hadn’t received any such notice, and he said although Barclays claimed it tried to contact him on numerous occasions via letter and phone, he had only spoken to the relevant team once. They said they would call back, and never did.

Mr K also said he was disputing the amount claimed as arrears, because of a high interest rate that Barclays was charging, and because it had added service charges onto his mortgage, which Mr K said he was taking to court at the time. And he said he’d sent a cheque to Barclays for £8,000 on 7 April 2024, but Barclays denied receiving it.

Mr K wanted Barclays to dis-instruct the receiver, and give him four to six months to clear the arrears. He also said it should lower the rate of interest he was paying. Mr K said he was thinking about selling the property.

Barclays didn’t think it had done anything wrong. It listed the attempts it had made to contact Mr K and discuss the arrears on his mortgage, since summer 2023. It said that although a plan to clear the arrears was set up in July 2023, the direct debits weren’t paid. It had written to Mr K asking him to get in touch on 2 January, and sent an arrears summary which also warned him a receiver could be appointed on 3 January.

On 13 March 2024 Barclays wrote to tell Mr K it intended to appoint a receiver due to the outstanding arrears on his mortgage. Mr K rang on 18 April to say he had been in hospital.

Barclays said Mr K had raised two new complaint points, about the interest rate charged on his mortgage and about the service fees added to his mortgage. Barclays said those were both new points, and it wanted Mr K to bring a fresh complaint about those issues.

Our investigator didn’t think this complaint should be upheld. She said this mortgage had been in arrears since 2014, and those arrears had built up considerably since late 2022. Our investigator said Barclays had kept Mr K informed of the arrears, and tried to talk to him about how he planned to pay those off, but none of those attempts to resolve the problem were successful.

Barclays asked Mr K to get in touch with it in January, but when he didn’t respond to that, Barclays wrote to Mr K on 13 March 2024 saying it was going to appoint receivers if Mr K didn’t pay the arrears within 14 days.

Our investigator said that when a mortgage customer is in arrears, we’ll usually expect the customer and the lender to remain in contact, and seek to reach an agreement which could

address the arrears and take the customer's circumstances into consideration. But Mr K wasn't responding to Barclays' requests to contact it, and he hadn't paid this mortgage for some time. Given the volume of arrears, and that Mr K wasn't engaging with Barclays to try to resolve this, our investigator said it wasn't unreasonable for Barclays to have appointed receivers. She thought Barclays took reasonable steps to engage with Mr K before this, and she didn't think it had been unfair. And our investigator said if Mr K wanted us to look at the fees added to his account, he'd need to raise that with Barclays first.

Mr K didn't agree. He said he had remained in touch with Barclays, and wanted to reach an agreement, but couldn't due to his health issues. And he said we hadn't commented on the high interest rate he was having to pay, or the service charges Barclays had added to his mortgage. He also repeated that Barclays hadn't given him a final notice before appointing a receiver.

Our investigator said our service couldn't add in the new issues around Mr K's interest rate and the service charges, to this complaint. They would need to be raised with Barclays first. And she said Mr K had been given notice on 13 March, before receivers were appointed.

Mr K wrote again, to say he never got the letter dated 13 March, and that we hadn't mentioned the payment of £8,000 he said he'd sent by cheque. He said he wanted to sell the property.

Our investigator spoke to Barclays, and it said it hadn't received a cheque from Mr K. But our investigator said even Barclays had got this cheque, the amount wouldn't cover the arrears. And she said if Mr K didn't get the letter Barclays sent about the upcoming appointment of receivers, that wouldn't be Barclays' fault. She also noted other letters were sent before this. So she thought Mr K would have been aware that the account was in arrears and that Barclays may take further action if these were not addressed.

She said if Mr K wanted to sell the property now, he would have to discuss that with the receiver.

Mr K said our investigator got the amount wrong, for the cheque he said he'd sent. And he said she'd accepted that Barclays didn't receive the cheque he had sent it in the post, but didn't accept that he didn't receive Barclays' final warning about the appointment of receivers, also sent in the post.

Mr K said he wanted to pay the arrears and sell the property, and he said even before receivers were appointed he had put the property up for sale and had a good offer. So he said he could have sold the property in April and would have paid Barclays all the arrears back then. But he said that was ignored. And he said Barclays' receivers weren't allowing him to sell the property now.

Mr K wanted his complaint to be considered by an ombudsman, so it was passed to me for a final decision.

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've reached the same overall conclusion on this complaint as our investigator.

I'd like to start by confirming what Barclays and our investigator have said – that this complaint is about the appointment of a receiver. Our service cannot yet consider the

additional points that Mr K would like to raise, about the interest charged on his mortgage and the addition of service charges to the mortgage. Barclays must have a chance to consider those issues first.

I have seen the contact notes that Barclays has recorded, and I am satisfied that Barclays has tried to keep in touch with Mr K about his arrears. I'm satisfied that it has tried to work with him to set up a plan to clear those arrears, without success.

By January 2024, Mr K was over £20,000 in arrears. So Barclays made a last attempt to get him to talk to it. I understand that Mr K has told us he had health problems at this time, but he hadn't spoken to Barclays for some time, he hadn't made any payment, and the arrears on his mortgage were also continuing to accrue.

So in March 2024, Barclays wrote to Mr K, saying that it was going to appoint a receiver, if he didn't pay the arrears within 14 days. I think this was a reasonable step for Barclays to take in these circumstances.

I know Mr K says he didn't get this letter, but I am satisfied it was sent, and to the right address. It wouldn't be Barclays' fault if that letter wasn't received.

Barclays then appointed a receiver. I don't think that was unreasonable or unfair.

Mr K said he paid £8,000 to Barclays on 7 April. And he said our investigator got things wrong, because she thought he'd only paid £800. He also said if we were assuming that letters sent would be received, then we should also assume Barclays got his cheque.

Unfortunately, even if Mr K did send Barclays a payment of £8,000 on 7 April 2024, I don't think that would make any difference here. Mr K was, by then, almost £25,000 in arrears. Barclays had said that it wouldn't appoint the receiver if Mr K paid off the arrears within 14 days of its letter of 13 March. But the amount Mr K paid was both too little to clear those arrears, and too late to avoid the appointment of a receiver. So even if this cheque had been sent, and safely received by Barclays, I don't think things would be different now.

Recently, Mr K also said that he had well advanced plans to sell the property when Barclays appointed a receiver, and it had ignored that. But I can't see that Mr K had raised this with Barclays before a receiver was appointed, because he doesn't seem to have responded to its requests to get in touch. And I also note that when this complaint came to us, shortly after a receiver had been appointed, Mr K just said he was *"thinking about selling the property"* and that he *"might sell it"*. So it doesn't seem likely that Mr K had well advanced plans to sell this property which Barclays was aware of, but ignored.

The receiver appointed by Barclays acts for Mr K, so Mr K can discuss any plans for a sale with the receiver now, if he wants to.

I know that Mr K will be disappointed, but I don't think this complaint should be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 17 October 2024.

Esther Absalom-Gough
Ombudsman