

The complaint

Mr R complains about how Barclays Bank UK PLC treated him when he was finding it difficult to afford the monthly payments to his mortgage and mortgage current account.

What happened

Mr R had a mortgage and mortgage current account (MCA) with Barclays, which I understand have now been repaid following the sale of the mortgaged property.

Mr R's personal circumstances changed and affected his cash flow. In May 2023 he asked Barclays if he could make reduced payments to the mortgage and MCA while he sold the property. Barclays agreed a payment plan with him, so that he could pay a reduced amount each month. It then took the full contractual monthly payment by direct debit at the end of May by mistake. In June it refunded the difference between the contractual payment and the agreed reduced payment (around £900), and offered Mr R £100 as compensation for its mistake.

In October 2023 Mr R asked Barclays to extend the payment plan. He had several phone calls with Barclays about this in November. Barclays put in place a concessionary interest rate of 4% for twelve months and agreed a further payment plan for six months. The first payment under the new payment plan was paid by direct debit in December. No payment was made to the mortgage in November.

Mr R later complained that his credit file was showing late payments and arrears on the mortgage and he wanted them removed. He said Barclays hadn't made clear to him how the payment plan agreed in November 2023 would work, and he would have been happy to make the November payment but Barclays hadn't told him how to do it or how much to pay, and he was expecting the payment to be taken by direct debit. He also complained that Barclays should have told him about the support available under the Mortgage Charter when he asked it for help.

Barclays said it hadn't done anything wrong and it had correctly recorded the operation of Mr R's mortgage on his credit file. It also said it had told Mr R a number of times that a payment plan would affect his credit file, and it hadn't offered him support under the Mortgage Charter because Mr R was already on a payment plan by the time the options under the Charter became available.

Mr R referred his complaint to us. Our Investigator said Barclays had told Mr R that the November 2023 direct debit payment was suspended and that payment for that month needed to be made by other means. But he thought Barclays' communication should have been better, particularly bearing in mind what it knew about Mr R's situation. He recommended that Barclays pay Mr R £200 compensation. He didn't however recommend that any changes should be made to Mr R's credit file.

Barclays accepted that conclusion, but Mr R did not. He still wanted Barclays to amend his credit file.

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.

First of all, I was sorry to read about the very stressful time Mr R has had in the last few years. It's clear that he feels Barclays has made things worse and that he feels strongly about this matter. While I realise this isn't the outcome he hoped for, I have to tell him that I've come to the same overall conclusion as our Investigator. In reaching that conclusion I've listened carefully to recordings of the phone calls that have been provided to us and, having done so, I don't consider it necessary for Mr R also to send us his recordings.

I'm satisfied that Barclays made it clear to Mr R that his credit file would be affected by the reduced payment plans. Towards the end of the call on 12 May 2023, after going through Mr R's income and expenditure with him and discussing how much he could afford to pay each month, the adviser said:

"We need to make you aware that the difference between the normal payment and the reduced payment amount will partly accrue as arrears. They will need to be settled when the arrangement ends [...] This will also be recorded to the credit reference bureaux."

Barclays told Mr R about this again in a call on 14 June and, on 16 November 2023, around 40 minutes into a call, the adviser said:

"you are agreeing to an arrangement on your account. This will report to the credit reference agencies, which may affect your ability to obtain credit in future, which is the current state".

On the 16 November 2023 call, the adviser also said there wasn't enough time to amend Mr R's direct debit before that month's payment was due at the end of the month, so he would suspend the direct debit for that month and arrange for it to resume in December, once the payment plan was in place. The adviser also said he would call Mr R back once the concessionary interest rate had been applied and he had the exact figures for the reduced payments, and he could take a payment for November from Mr R at the same time.

On 17 November 2023 the same adviser called Mr R and confirmed the 4% interest rate had been applied and would be in place for twelve months, and a reduced payment plan would be in place for six months. Around seven minutes into the call, the adviser said:

"For this month, for the month of November, you need to make payment manually, whenever you want to do that you can call me to make the payment".

Mr R said, around eight minutes into the call: "So how much, so I'm making a manual payment at the end of November?"

The adviser said Mr R should pay what he could, depending on his disposable income, because the payment plan wouldn't take effect until December and, around ten minutes into the call:

"So for this month itself Mr R[...], would you be calling back by the end of the month to make those two payments?"

Mr R said: "Correct, yeah, I'll be doing that."

On 20 November 2023 the same adviser called Mr R again. This was a short call lasting around five minutes, and the adviser again told Mr R that he should call to make a card payment for November, because that month's payment wasn't included in the new payment plan.

Barclays has recorded payment arrangements on Mr R's credit file when reduced payment plans were in place. I think that was right. It has also recorded arrears on the mortgage, increasing over time. I think that was also right, because Mr R was paying less than the amounts that were contractually due. While these reduced payments were by arrangement, this still meant the mortgage was in arrears. I also think that, having listened to Mr R's calls with Barclays – some of which I've referred to specifically above – Barclays told Mr R that his credit file would show arrears.

Barclays has also recorded on Mr R's credit file that no payment was made to the mortgage in November 2023. I think that was right as well. I find that Barclays told Mr R that the payment plan agreed in November wouldn't start until the following month, that this meant a monthly payment would be due in November, and that Mr R needed to make arrangements to pay it manually because no payment would be taken by direct debit for that month.

Overall, I don't think that Barclays treated Mr R unfairly. It considered his circumstances and put in place concessions to help him while he sold his property. Mr R has said that he could have liquidated assets in order to make the full contractual monthly payments to the mortgage and MCA, had Barclays explained things clearly. For the reasons I've explained, however, I think Barclays told him that his credit file would be affected, and it told him that he would need to arrange to make a payment for November 2023 if he could. He chose to go ahead with the payment plans, and didn't make a payment in November. In all the circumstances, I don't consider that I can fairly require Barclays to amend his credit file, either to remove the arrears or the missed November payment.

As our Investigator identified, there was some inconsistency in what Barclays' adviser told Mr R about the November 2023 payment in the calls on 16 and 17 November – specifically, who would call whom to make the payment. However, I think the adviser was clear in the later of the calls, on 17 November and again on 20 November, that Mr R should call to make a payment if he could afford to do so. Mr R also confirmed on the 17 November call that he would phone back with a payment.

I also think that Barclays gave Mr R conflicting and confusing information about what would show on his credit file about the mortgage once it had been repaid, but this was in early 2024, after the payment plans at issue in this complaint had been put in place. So while I think that caused Mr R avoidable upset and frustration, it didn't result in him taking a different course of action by, for example, not entering into the payment plans at all.

Barclays has agreed with our Investigator's recommendation to pay Mr R £200 by way of compensation for the impact on him of its lack of clarity in some conversations, and I think that's fair and reasonable in all the circumstances. In reaching that conclusion I have kept in mind Mr R's difficult circumstances and vulnerability.

Finally, Mr R has also complained that Barclays should have told him about the support available under the Mortgage Charter but didn't do so. The government published the Mortgage Charter on 26 June 2023. It included options for borrowers to switch their mortgage payments to interest-only for six months or to extend the mortgage term.

However, lenders weren't in a position to implement the Mortgage Charter immediately, and switching to interest-only and extending the mortgage term are only available to borrowers who are up-to-date with their mortgage payments. By the time the Mortgage Charter was

announced, Barclays and Mr R had already agreed a reduced payment plan following their discussions in May and June 2023. The first reduced payment under that plan was due at the end of May 2023. Barclays took the full contractual monthly payment by mistake, but it then refunded the difference between that and the reduced payment. The mortgage transaction history shows that refund was effective from 14 June. So, at the point the Mortgage Charter was published on 26 June, Mr R wasn't up-to-date with his mortgage payments.

Mr R wasn't therefore eligible for the support available under the Mortgage Charter because he wasn't up-to-date with his contractual mortgage payments. In any event the payment plan he and Barclays agreed in mid-2023 was for payments of around half what interest-only payments would have been – so a temporary switch to interest-only at that point may not have been enough to assist him to the extent he needed at the time.

My final decision

My final decision is that Barclays Bank UK PLC should pay Mr R £200. I make no other order or award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 20 February 2025.

Janet Millington
Ombudsman