

The complaint

Miss C has complained that Barclays Bank UK PLC (Barclays) was unjustified in taking legal action against her to repossess her property.

What happened

Miss C took out a mortgage with Barclays in 2008, which included a linked Mortgage Current Account (MCA), the term for which expired in February 2023.

Miss C says that she was misled about the mortgage as she was told that she could continue to use the overdraft facility for the MCA beyond the expiry of the mortgage term.

Barclays initiated legal action against Miss C in April 2024 in order to recover the outstanding balance on the MCA.

Miss C says that during the call in April 2024, she was driving so requested a call back but this didn't happen. She says that at no point did Barclays mention that this was a serious matter and that it would be taking her to court to repossess her home. Miss C says that she was taken to court by Barclays at short notice and without being spoken to about how the issue could be resolved. She says that Barclays' attempt to repossess her property was unjustified and put her under undue pressure. Miss C says that at the court hearing in September 2024, the judge gave her more time to secure a new mortgage.

I have previously issued a jurisdiction decision, which set out that this Service was unable to look into Miss C's complaint about being misled about the MCA because it was made out of time. However, I found that this Service was able to look into Miss C's complaint relating to the legal action taken by Barclays since 1 September 2023.

Barclays says that there was an outstanding balance due on Miss C's MCA, which was required to be repaid once the mortgage term had expired. It says that it regularly contacted Miss C within the 12 months since the mortgage term ended to complete an income and expenditure (I&E) assessment or provide evidence of a repayment vehicle to clear the outstanding balance. However, as this was unsuccessful, the matter was passed to its litigation team. Contact was still attempted by letter and phone without success. As the account had matured over 18 months ago and there had been no solution reached to clear the outstanding balance, Barclays says it would be unfair and unreasonable to expect it to continue to hold the account any longer, so the matter was taken to court.

Our Investigator looked into Miss C's complaint and didn't think that Barclays had acted unfairly. He did not agree that Barclays had rushed to begin legal action against Miss C without trying to resolve things with her first. Barclays had been in regular contact to try and resolve it and information, contact, or a resolution from Miss C had not been forthcoming. The Investigator was also satisfied that Barclays had made Miss C aware of the seriousness of the situation with her mortgage.

Miss C disagrees with this so the case has come to me to make a final decision. She says that she has suffered from ill-health during this period and that she was in no condition to manage these financial matters beyond basic daily survival. She says that she shared information about her health issues with Barclays.

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 looked at the evidence, I agree with the Investigator's view for broadly the same reasons and I've explained my reasons further below.

I've looked at the terms and conditions for the MCA from the time this was taken out by Miss C. Clause 17.5(b) states "*When your Mortgage Account is repaid it will be closed and any amounts outstanding under the Mortgage Current Account Reserve must be repaid*". So I am satisfied that the outstanding balance of the MCA became payable once the mortgage had been repaid and the term expired on 16 February 2023.

I can see that Barclays wrote to Miss C on 18 February 2023 to inform her that her mortgage term had expired and that the total outstanding balance (of around £135,000) was due to be repaid in full. The letter asked Miss C to contact Barclays within 7 days to let it know how she intended to repay the amount. It set out that it was important that Miss C did not ignore the letter and stated that her home may be repossessed if she did not keep up repayments. The letter also encouraged Miss C to inform Barclays of any health issues or special circumstances it should know about.

Further letters were sent to Miss C on 16 March 2023 and 2 May 2023, which reiterated that the mortgage term had expired and that the outstanding balance of the MCA was due in full. The letters also advised that a field agent would be instructed and stated "*Failure to resolve this situation may ultimately lead us to begin legal proceedings against you with a view to take possession of your home*".

I can see from Barclays' contact notes that it also tried to telephone her on numerous occasions during this period. It spoke with her on 31 March 2023 and Miss C was told that it was not possible for the term of the MCA to be extended and that a repayment vehicle would need to be discussed. She was advised that Barclays could help her with a re-mortgage and this would involve a new application. Miss C said that she wanted to contact Barclays later to discuss this and a 30-day hold was placed on the account.

Following a number of unsuccessful attempts to call Miss C after this, a further letter was sent to Miss C on 19 July 2023, informing her that a field agent had now been instructed to visit her as no agreement had been reached on how to pay the outstanding balance. This letter again reminded Miss C that if no arrangement was agreed, it may take legal action to repossess the property.

Miss C contacted Barclays on 4 August 2023. An appointment was booked for her to discuss refinancing with a mortgage adviser and she was asked to provide documents relating to her self-employment and an I&E. The call cut off and the adviser called Miss C back, however she said that she did not have time to continue the call. She subsequently failed to attend the appointment with the mortgage adviser on 18 August 2023.

On 12 September 2023, Barclays wrote to Miss C setting out that it was unable to agree to a proposed repayment plan as this was subject to receiving satisfactory evidence of her repayment method. It asked Miss C to contact Barclays and provide her I&E. I can't see that Miss C responded to this letter.

On 12 October 2023, Barclays sent Miss C a letter asking her to contact it to discuss the mortgage balance and stop any legal action against her. The letter included a formal notice that Barclays would instruct its solicitors to commence legal proceedings against Miss C if it couldn't agree a solution with her within 14 days. The notice stated that her property was seriously at risk of being repossessed. The letter set out that Barclays had attempted to contact Miss C in writing and over the phone between 18 February 2023 and 12 October 2023 but had not been able to agree an acceptable proposal with her for repayment of the

balance. Again, the letter encouraged Miss C to notify Barclays about any health conditions and said that it was important that Miss C did not ignore the letter.

Barclays spoke with Miss C on 8 November 2023. She said that she was looking to refinance elsewhere. Barclays made her aware that it needed an I&E and of potential legal action.

On 30 November 2023, Barclays wrote to Miss C setting out that it was unable to agree a proposed repayment plan as it required her to provide an updated I&E. It asked her to contact Barclays to provide this. I can't see that there was any response.

Barclays spoke with Miss C again on 5 January 2024, when she advised that she was still seeking an external refinance through a broker as well as looking herself. Barclays advised Miss C that it required her to provide an I&E and an update on the external refinance by 19 January 2024. Again, nothing was received from Miss C.

On 8 February 2024, Barclays wrote to Miss C setting out that it was unable to agree a proposed repayment plan as it was subject to agreeing affordable monthly payments based on her I&E and an update in relation to her refinancing within 14 days from 8 January 2024. The letter asked Miss C to contact Barclays with this information and an update. Barclays wrote to Miss C again on 6 March 2024 to request this information as it had not been forthcoming.

Barclays made a final attempt to contact Miss C by phone on 3 April 2024 and she advised that she was driving and had an appointment. She asked Barclays to call her back. As the account was more than a year past the maturity date, with no update on the repayment proposal or I&E, Barclays progressed the account to litigation.

Given that the outstanding balance on the MCA had been due for over a year by this point, and that Barclays had been requesting a repayment proposal from Miss C, along with an I&E, for many months without success, I don't think it was unreasonable for it to commence legal action against her. Whilst I accept that Barclays didn't call Miss C back on this occasion, it had tried to make contact with her repeatedly prior to this without success and she had failed to respond to numerous requests for information.

In light of the above, I disagree with Miss C's complaint that Barclays took legal action against her at short notice and without trying to resolve the issue first. She was contacted repeatedly by Barclays but failed to provide the information it had requested or to meaningfully engage with providing a repayment strategy. I am also satisfied that the letters Barclays sent to Miss C made clear to her the consequences of taking no action, in that legal action to repossess the property would follow if the matter wasn't resolved. So I am satisfied that Barclays was justified in taking legal action at this point.

Miss C contacted Barclays on 14 June 2024 in response to correspondence about legal proceedings. The adviser said that Barclays would need to go through an I&E form to establish the next steps. Miss C indicated that she was at work so was unable to be transferred to the relevant department. She took the number and said that she would call them. However, there is no record of Miss C calling back to complete the I&E. During this call, Miss C also mentioned that she was in poor health, which she said was why she was unable to escalate her complaint about the MCA to this Service on time.

On 1 August 2024, Barclays wrote to Miss C asking for additional information about her medical condition so that it could understand the overall circumstances.

On 23 August 2024, Barclays' solicitors wrote to Miss C to inform her that a court date had been set for 10 September 2024 in relation to the court action regarding the mortgaged property. The letter set out that if Miss C could pay the balance in full, this would stop the court proceedings. On 28 August 2024, Barclays' solicitors requested medical information from Miss C.

I understand from Miss C that at the hearing on 10 September 2024, the court gave her more time to secure a new mortgage.

Miss C has provided evidence to show that she has an agreement in principle for a new mortgage with another lender. She therefore also relies on this to show that Barclays' legal action was unjustified. Firstly, I note that the AIP is dated 9 September 2024, the day before the court hearing and over 18 months since the balance of the MCA was payable. Secondly, an AIP does not demonstrate that Miss C has a repayment vehicle for the money she owes Barclays. She would need to have a mortgage offer from another lender in order to demonstrate that she had a repayment vehicle in the form of a mortgage from another lender.

I also note from Barclays' contact notes that in March 2019, Miss C advised Barclays that she had a plan in place if she used the full reserve of the MCA. Then in November 2022, shortly prior to the term expiring, Miss C contacted Barclays and indicated that she had a pension which would cover the MCA balance. However, the contact notes state that she was unsure when these funds would arrive and was wondering whether she would need to extend the term of the mortgage if these didn't arrive in time. It was noted that she would call back nearer to the maturity date when she knew for sure. The contact notes show that Miss C also contacted Barclays in January 2023 and that she wanted to get an extension on the MCA for a year. It was noted that she was going to call back the following day to speak with the maturity team but there is no record of her doing so.

In light of this, I don't find that Barclays was unjustified in taking legal action as Miss C had repeatedly alluded to either having a repayment vehicle in place or being in the process of arranging this over the course of many months without providing any suitable evidence to support this.

Miss C has also provided some information about her health and says that she was in no condition to manage these financial matters. She says that she shared the information about her health with Barclays. I can understand that Miss C has been through a difficult time and that dealing with her mortgage may not have been a priority for her during this period. However, I note that Barclays' letters to Miss C from February 2023 onwards advised her to inform it of any relevant health issues. But it appears from the contact notes that the first time Miss C mentioned this to Barclays was in June 2024. This was after it had already commenced legal proceedings, so this doesn't change my view on whether Barclays was justified in taking legal action against Miss C.

I know my decision will come as a disappointment to Miss C, but I can't say that Barclays has acted unfairly or unreasonably in the circumstances of this case and I don't uphold this complaint.

My final decision

For the reasons I've explained above, I don't uphold this complaint and don't require Barclays Bank UK PLC to do anything.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 27 December 2024.

Rachel Ellis
Ombudsman