

The complaint

Mr G complains that Barclays Bank UK PLC charged him additional interest on his loan account.

What happened

On 18 March 2019 Mr G took out a loan with Barclays for £35,000 over 60 months.

Mr G failed to make his contractual monthly payment between March and May 2020. On 1 June 2020 Mr G contacted Barclays and paid £1537.54 to clear two of the payments he'd missed. Mr G then set up a three-month payment holiday that he was entitled to do due to Covid.

On 3 June 2020 Barclays sent Mr G a letter confirming that it had set up the payment holiday. The letter confirmed that the terms of the agreement would be extended by four months (which was the payment holiday period plus the one month owed). The letter stated that Mr G's payments wouldn't be increased but that additional interest would be charged. The letter said that payments towards clearing the accrued interest could be made at any time.

In February 2024 Barclays sent Mr G an email advising him that he was now in the last six months of his loan and that as additional interest had been added there would be an increased amount to pay at the end of the loan. Barclays advised Mr G that he could make additional payments to reduce the amount at any time.

On 31 July 2024 Barclays sent Mr G a letter advising him that due to the additional interest the final payment under the agreement would be £2,481.25 on 9 August 2024.

Mr G contacted Barclays on 27 August 2024 and complained about the additional interest he'd been charged.

Barclays didn't uphold the complaint. It said it had informed Mr G about the additional interest due and that it had been correctly calculated and applied correctly to the missed payment and the three-month payment holiday.

Mr G remained unhappy and brought his complaint to this service. He said he hadn't received any communication from Barclays about the payment holiday and said it was all done over the phone. Mr G said that in June 2021 he'd contacted Barclays to find out when his repayments would end, and he was told that they would end in August 2024 and that he had 38 payments left. Mr G said that Barclays should've informed him at this time that he had interest accumulating in addition to the 38 payments.

Our investigator didn't uphold the complaint. He said that Barclays hadn't made an error or treated Mr G unfairly and that the interest had correctly accrued as a result of the payment holiday.

Mr G didn't agree. He said he hadn't been told about the accumulated interest and believed

that Barclays had deliberately kept it quiet so they could collect more money at the end of the loan term.

Because Mr G didn't agree I've been asked to review the complaint.

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 know that it will disappoint Mr G, but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on those points which are most relevant to my decision. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've reviewed the telephone call between Mr G and Barclays dated 1 June 2020. At the date of the call, Mr G's account was three months in arrears. During the call the agent explained that Mr G was allowed a three-month payment holiday and although the specifics weren't discussed, the agent said that if Mr G took the payment holiday, he would receive a letter detailing the terms.

I can see that Barclays sent Mr G a detailed letter on 3 June 2020 confirming the payment holiday. The letter expressly stated that additional interest would be charged and that payments to reduce the accrued interest could be made at any time.

I appreciate that Mr G has said that he didn't receive this letter. However, having reviewed the letter, I'm satisfied that it was correctly addressed to Mr G at the address which Barclays held on file for him. I can't say why Mr G didn't receive the letter, but I can't fairly hold Barclays responsible for the fact that Mr G didn't receive it.

Further, and as I've said above, Barclays told Mr G during the call on 1 June 2020 that he would be sent a letter detailing the payment holiday terms. If Mr G didn't receive a letter that he was expecting, I think it would've been reasonable for him to contact Barclays again and explain that he hadn't received it. I can't see that Mr G did this.

I've also reviewed the letter which was sent to Mr G in February 2024. This also refers to additional interest being payable at the end of the loan. So I think Mr G knew – or ought to have known – that there was additional interest to pay. The letter dated February 2024 is correctly addressed to Mr G so if he didn't receive this letter either, I can't fairly hold Barclays responsible.

Based on what I've seen, I'm satisfied that Barclays took reasonable steps to inform Mr G about the terms of the payment holiday and about the additional interest that would be payable as a result.

I appreciate that Mr G feels that Barclays should've told him about the additional interest in June 2021 when he contacted them to ask how many payments he had left under the agreement. I haven't been able to listen to the call so I can't be certain exactly what was discussed. However, I don't agree with Mr G that Barclays should've advised him about the additional interest on the call, because (as I've said above) Barclays had already written to Mr G on 3 June 2020 with details of the payment holiday including the fact that additional interest would be payable.

Mr G has said that he has asked Barclays for a breakdown of how the interest has been calculated. This wasn't part of Mr G's initial complaint so I'm unable to look into it. If Mr G thinks the interest has been incorrectly calculated, he will need to raise this as a separate complaint with Barclays and allow them to investigate and issue a response.

Taking all the available information into account, I haven't seen anything to persuade me that Barclays has made an error or treated Mr G unfairly. I won't be asking Barclays to do anything further.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 5 February 2025.

Emma Davy
Ombudsman