

## **The complaint**

Ms B has complained about the service she received from Barclays Bank UK PLC when her interest only mortgage term was ending.

## **What happened**

Ms B had an interest only mortgage and the term was coming to an end. As she couldn't raise enough through an equity release mortgage to repay her existing mortgage, she contacted Barclays to discuss the situation.

Barclays referred the matter for a panel review to see if there is anything that could be done to help Ms B such as extending the mortgage term but, after some delays, Barclays said there was nothing it could do to help.

Ms B managed to take out a mortgage elsewhere to repay Barclays – repaying the Barclays mortgage in May 2024 - but she's said that's left her in a difficult position as she's having to use money she needed for her healthcare needs to meet the mortgage payments.

Ms B made a complaint to Barclays, which it didn't uphold, and so the complaint was referred to our service.

Our Investigator didn't think Barclays had done anything wrong. She said Barclays considered Ms B's proposal, but as there was no definite plan in place to repay the funds it wasn't unreasonable for it to be declined.

Ms B responded to say that looking purely at the outcome she agreed with our Investigator's findings, however her complaint was less about the outcome but instead it was about the process. She said the process was protracted and there were inconsistencies in the information she was given.

A different Investigator then looked at the complaint. She asked Barclays to look into the further points Ms B had raised around the service provided, rather than just the outcome reached.

Following this Barclays issued a further complaint response letter. It apologised for the contradictory information Ms B had received, and for the delays she'd incurred. It offered £200 compensation by way of an apology.

Ms B said she disagreed with some of the points in the complaint response letter. She set those out and said £200 compensation wasn't enough. She felt Barclays needed to consider all her additional costs (such as a £595 broker fee to get the new mortgage) and said that £200 will not be enough to make Barclays review and change how it handles cases like hers. She said maybe there should also be a sizable donation from Barclays to a foodbank or homeless shelter.

Our Investigator considered everything that Ms B had said but, in summary, said she felt the £200 offered by Barclays was sufficient and fair.

Ms B didn't agree and so it has been passed to me to decide.

### **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 trust Ms B won't take it as a discourtesy that I've condensed her complaint in the way that I have. Although I've read and considered the whole file I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

Ms B has said that looking purely at the outcome she agreed with our Investigator's findings about Barclays turning down her request for assistance, however for completeness I will deal with that first, as that is at the heart of the complaint with the remainder being the service that was provided around that.

There's no dispute that Ms B borrowed the money from Barclays (previously Woolwich) in 2006 – and that she needed to pay it back. The issue here is that Ms B didn't think she was able to do so when the term expired in November 2023. It's worth saying that when she took the mortgage out Ms B committed to repaying it then and – as a starting point, and all other things being equal – it's fair that Barclays expected her to keep to that commitment. Not least because there's a cost to a lender when it doesn't get its capital back, even when interest payments continue to be made.

However, it's also important to bear in mind that Barclays has obligations to treat its customers fairly, paying due regard to their interests. Where a customer can't repay an interest only mortgage on the due date, a lender should work with them to try to come to some arrangement for it to be repaid. That includes considering whether a term extension to a point where a mortgage can be repaid might be fair, as well as things like converting the mortgage to repayment. A lender should try and reach agreement where possible, with repossession of the property being the last resort.

I've borne all that in mind in looking at this case. Ultimately, this is what happened.

Ms B asked Barclays for a term extension on her mortgage. In a letter to Barclays dated 18 November 2023 she said she was intending to repay the mortgage through taking out a new equity release mortgage, but due to her age and the changes in the financial market she was unable to borrow enough at that time through those means. She said she didn't have any other options as she couldn't get a 'normal' mortgage, and downsizing wasn't something that would meet her circumstances. She said an accurate prediction wasn't possible of when an equity release option would be available to fully repay the Barclays mortgage, but she was looking at around seven and a half years' time as by then she would be an age that opened more options. She said, in the meantime, a monthly payment of around £300 to £330 would be sustainable for her.

After speaking to Ms B and obtaining further information about her health conditions, all the information was passed for a senior management review to see if it contained all the evidence required to refer the request for the formal panel review. Upon completing that senior management review, it was noted that further information was needed from Ms B and the request couldn't be referred for the panel consideration until that information had been obtained from Ms B. Barclays spoke to Ms B again on 19 December 2023 and it was referred for a panel review at the next scheduled panel meeting which was on 29 January 2024.

The panel was made aware of all the circumstances, including Ms B's health concerns, with the evidence of that included in the pack (such as a letter from Ms B's GP and other medical evidence). It reviewed the request and reached a decision on 5 February 2024. The panel decided that Ms B hadn't evidenced the affordability to be able to reduce the mortgage down sufficiently that an equity release mortgage to repay it in full was a realistic option.

On 5 February 2024 Barclays sent Ms B the panel review outcome letter saying that it had no repayment options available to her due to her limited resources and the fact there wasn't any realistic means for Ms B to reduce the mortgage balance to a level that would allow her to fully redeem the mortgage. It said it would put the account on hold for 30 days to allow Ms B time to seek advice and decide what to do. It said, if she chose to sell the property, it could help with its Assisted Voluntary Sale scheme which meant it would manage the marketing and the sale of the property on her behalf, and if she was interested in that then she should get in touch.

Barclays then allowed Ms B extra time to repay the mortgage by re-financing. This means that Barclays allowed Ms B some time to find a means to repay, and Ms B was able to do so. This is what I would expect to happen, and so I don't think the overall outcome was unfair in this case.

However, I do think there were significant problems along the way. It seems to me that what went wrong here was more to do with the process than the outcome.

I note Ms B thinks this was referred twice to the panel for consideration, and that this impacted her chance of being successful. But I can reassure her that wasn't the case. It wasn't referred to the panel until after Barclays spoke to Ms B on 19 December 2023, with the request for further information at that time being the result of a senior management review before it was referred to the panel. The purpose of that senior management review was to ensure the request had everything that was needed for the panel to complete its considerations.

From listening to the call of 19 December I can hear that Ms B was aware of the need for a senior management review, but she was told, in error, that her request had been declined by the panel rather than given the correct information, which was that the senior management review had said it wasn't ready to submit to the panel for consideration.

Ms B has also said that Barclays rejected her request due to affordability, but it never told her what level of monthly payments would have been acceptable to give her a chance to see if she could stretch to that. She says that during the affordability check she was encouraged to be generous with her estimates, which reduced the monthly amount she would be able to pay. It is always best when providing income and expenditure information to be pessimistic in terms of your income and generous with your estimated outgoings as in doing so you're giving yourself the best possible chance to be able to afford the monthly payments going forward if it passes that check. If Ms B had been encouraged to use as low expenditure figures as possible, and then she got into difficulties with her monthly payment, then there could be a case against Barclays for allowing her to enter into an unaffordable and unsustainable agreement, which would have been irresponsible of it.

The panel review decision wasn't reached based on how much Ms B felt she could afford, instead it was a holistic review of her income and expenditure, the nature of her request (eg whether this was a request for a relatively short term extension of under a year, or longer) and her overall circumstances (including her health concerns, and reasons for not wanting to sell the property). Once everything was considered Barclays wasn't willing to proceed and that would have been the case even if Ms B had said she could stretch to a higher monthly

payment, as that would have needed to have been supported by some evidence to show that was affordable and sustainable, also considering potential future interest rate changes.

I've looked at all the communication in this case, and I can understand Ms B's frustration. She was given conflicting information and there were issues with calls, with poor connections being reported and call backs not being made as Ms B expected. The process also took longer than it should have, with additional information needing to be requested from Ms B before the referral could be made to the panel.

All of this caused Ms B significant upset. She was clearly very worried about what would happen and the risk of losing her home – which had special significance in her circumstances. This was a very stressful time, and she was also inconvenienced in having to provide information to Barclays and speak to different staff members.

Although I've said that – in the end – a fair outcome was reached, there were times along the way when Barclays didn't act as I'd expect. So I do think Barclays needs to take steps to put matters right.

In the first place, it was Ms B's obligation to repay this mortgage by the end date in November 2023, and her inability to do so, which lay at the heart of this complaint. Barclays reached a fair outcome which was that it wasn't willing to continue a mortgage relationship with Ms B, and so Ms B would always have needed to find a way to repay this mortgage (whether that be through remortgaging, or by selling the property which she didn't want to do). I don't think it would be fair to expect Barclays to pay the costs Ms B incurred in arranging alternative finance (such as a broker fee and conveyancing costs) as those are costs, she would always have incurred due to needing a way to repay this mortgage without selling the property. What was required in this case was for Ms B to repay her mortgage, and for Barclays to allow her a reasonable time to do so. Barclays isn't liable for the costs incurred in the particular method Ms B chose to use to repay.

Although how Barclays handled this case meant that Ms B spent more time dealing with matters than she should, it would always have taken some time, expense and inconvenience to resolve this situation. And it's unfortunately the nature of life that things will go wrong from time to time and I will take the impact of that into account in deciding what would be fair compensation.

We're not the regulator and I've no power to fine or punish a business. Our awards aren't punitive and aren't intended to make a business review and change how it handles cases. Nor can I order a business to make a sizeable donation to a charitable cause as Ms B wants. All I can do is look at an individual dispute and decide what needs to be done to put it right (if anything).

That leaves compensation for the stress, worry and inconvenience caused by Barclays' poor communication, delays and service. I do think compensation is due for this.

In my view the fair way to approach this is to look at the worry, stress and inconvenience Barclays caused at the time Ms B was trying to resolve her mortgage issues, and to take a step back and look at things in the round. I've done that and have considered the sorts of awards the Financial Ombudsman Service makes in cases like this, as well as the specific impact of what went wrong in Ms B's circumstances at the time. I can't consider as part of this award that Ms B's request was turned down, or the level of information Barclays requested from her so it could consider that request, as I don't think Barclays did anything wrong there. I am simply looking at compensation for the delays and the poor communication that led to a poor customer journey for Ms B.

This was a series of issues which caused upset and inconvenience and took a reasonable amount of effort to sort out. I'm satisfied that an award in the "up to £300" band is appropriate here, and having considered everything very carefully I think Barclays' offer of £200 compensation is fair.

### **My final decision**

My final decision is that Barclays Bank UK PLC has made a fair and reasonable offer to settle this complaint. It should pay Ms B £200 in total (taking into account any payments already made).

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 4 April 2025.

Julia Meadows  
**Ombudsman**