

The complaint

Ms C complains that Barclays Bank UK PLC hasn't allowed her to make payments to her buy to let mortgage. It then began taking legal action to recover the arrears that resulted.

What happened

Ms C has a buy to let mortgage with Barclays. The property is tenanted and Ms C paid the mortgage payments by direct debit from a business bank account in her name.

In 2023 Ms C moved her business bank account to another provider I'll call M. There were some problems with the switch and Ms C had to set up a new direct debit from the new account.

Ms C completed a new direct debit mandate and sent it to Barclays. Barclays tried to call for payment from M, but without success. Neither Barclays nor M accepted responsibility for the failure of payments. Ms C completed further direct debit mandates, but again the payments were not collected successfully.

As a result, the mortgage fell into arrears. Ms C says she didn't receive notices of missed payments at the time, because Barclays had made an error with her correspondence address. Once she became aware, she tried to make up the missed payments but has also struggled to make payment over the phone.

Barclays began legal action to recover the missed payments. Ms C complained. She said it wasn't fair to treat her as if she had failed to make payments. She had always been willing to do so but found it impossible to do so manually and Barclays failed to collect the direct debits.

When Ms C complained to Barclays, it offered to refund interest charged on the arrears, and offered a total of £375 compensation.

Ms C brought her complaint to us. Our investigator said that Barclays should give Ms C an up to date figure of how much is outstanding, and make sure she is able to bring the mortgage up to date, giving Ms C clear information about how to do so. Once Ms C pays off the outstanding missed payments, it should re-work the mortgage account to remove additional interest charged on those payments and any arrears or legal fees added to the balance. It should also amend Ms C's credit file to show that payments were made on time. And it should pay £400 compensation, including sums already offered.

I agreed that the complaint should be upheld, but I thought that redress didn't go far enough. So I issued a provisional decision setting out my thoughts on the complaint.

My provisional decision

I said:

"Because this is an older buy to let mortgage, it's not managed through Barclays' current computer system, but remains on an older ("Trinity") system. This has caused

Ms C several problems – it led to the issue with the direct debit arising in the first place, because only paper mandates sent in by post are accepted, and those have to be entered onto the system manually (allowing scope for error). They can only be entered between the third and seventh of each month for collection that month. And, because Trinity mortgages are managed on a legacy system, it also means that not all staff Ms C speaks to are able to find her mortgage account when she calls in. So she has had considerable difficulty speaking to staff able to help her.

Barclays said it received a direct debit mandate on 9 June 2023 – which meant that it was too late to set up for June's payment. But the direct debit was in place for July. Barclays said that it then tried to collect the direct debit from M, but no payments were received between July and November, which led to the direct debit being cancelled in November. It said that the fault lay with M for not taking payment from Ms C's account.

M said that it had received attempts to collect the direct debit. However, it was unable to process them because Barclays didn't use the same reference as the one on the direct debit mandate. It said that Barclays would need to make sure it used the right reference when calling for the direct debit.

On balance, I'm satisfied that it's more likely than not that there was an error with Barclays collecting the direct debit payments. The evidence from M shows that it tried to collect the direct debits with a different reference to that included on the mandate, which caused it to fail. Barclays didn't explain why that would be the case when our investigator asked.

Ms C changed addresses in 2008. At that time, Barclays changed the address on her mortgage account but not her customer profile. This meant that when Ms C tried to make manual payments she had problems passing Barclays' security checks for phone calls, because her address didn't match what was on the system call handlers used to check security.

But Barclays said that letters were being sent to the correct address, and following the failure to collect payments from July 2023 it wrote to Ms C to notify her that payments hadn't been made. It said it had also tried to call Ms C without success to discuss the arrears.

Ms C agrees she did receive some letters from Barclays. But I can also see she has spent much time and effort trying to speak to Barclays to get this issue resolved – both before she complained, and more recently in trying to clear the arrears as part of the resolution of this complaint. I think that a large part of that difficulty is Barclays staff being unable to locate Ms C's mortgage because it's on a legacy computer system. Ms C has had some personal difficulties which means she hasn't always been able to contact Barclays at agreed times. And Barclays has several times told Ms C it will get back to her and not done so. However, despite these difficulties I'm pleased to hear that Ms C was recently successful in clearing the arrears.

The problem arose in the first place because of Barclays' error, and Ms C has made much effort to try and resolve it. It's clear that she has never been unable or unwilling to pay her mortgage, and has retained the missed monthly payments knowing they will have to be paid at some point – as has now happened. In the circumstances, I think it would be fair and reasonable for Barclays to refund additional interest charged because of the arrears as well as for it to remove any adverse entries from her credit file. It should also remove any charges added to the mortgage balance. And now the arrears have been repaid there is no need for legal proceedings, so

those should be brought to an end too.

Given the further difficulties Ms C has encountered in trying to clear the arrears recently, I also think the compensation should be increased. In all the circumstances, and given the frustrations Ms C has experienced over the past eighteen months, I think £850 is fair in all the circumstances – this includes the £375 previously offered by Barclays. Barclays will also need to take steps to ensure that the account does not fall back into arrears.

I understand the term of Ms C's mortgage has recently ended. If she has experienced any financial loss because of this problem that she would like me to take into account, she should set that out when she replies to my provisional decision. If she now wants to discuss a term extension with Barclays, now the arrears have been repaid Barclays should disregard the arrears when considering an application – though any application will still be subject to Barclays' usual lending criteria otherwise.

But given the difficulties Ms C has experienced trying to pay the arrears, even after the address problem was solved, if she does want to make an application she's likely to experience the same problems being able to speak to someone who can access her account and deal with any application. To avoid that, Barclays should make arrangements for an individual who can access the Trinity system to take ownership of Ms C's application, should she want to make one. This means that it should give Ms C a named person to be her point of contact throughout the process, giving her direct contact details for that person. That person should contact Ms C to make an appointment to discuss her mortgage, provide her with any necessary advice, manage the application process for her, and provide her with the outcome. If Ms C wants to take up this option, she should let the investigator know within 28 days of my final decision."

To put things right, I said Barclays should:

- Re-work Ms C's mortgage to remove all interest charged on arrears since July 2023.
- Remove any arrears fees or legal fees added to the mortgage, plus interest, and not add any further fees in connection with the arrears or legal action resulting from them.
- Amend Ms C's credit file so that it shows all payments since July 2023 as having been made up to date.
- Write to Ms C confirming that legal action has been withdrawn and setting out the calculations made to re-work the mortgage. In that letter it must set out what the expected monthly payments are, it must set out exactly what Ms C needs to do to ensure that a new direct debit is put in place, and it must set out what information she needs to make manual payments in case a direct debit is not in place.
- Should Ms C want to set up a new direct debit, Barclays should ensure that it is properly set up – and, following the first month's payment, either write to Ms C to confirm that it is now operating properly, or take steps to investigate and resolve any further problems.
- Increase its offer of compensation to £850 – including payments already made.
- Provide Ms C with a single named point of contact, including that person's direct

contact details, to manage any application Ms C want to make regarding her mortgage.

The responses to my provisional decision

Barclays said it broadly accepted my provisional decision. But it said it might not be able to set up a new direct debit. It had identified that its legacy Trinity system wasn't compatible with the newer digital systems used by other banks, including M. It was looking to migrate accounts, including Ms C's, off Trinity and on to a newer system during the course of 2025. But until then it might only be possible for Ms C to pay manually or by standing order.

Ms C said she was continuing to work through clearing the arrears – she was making separate manual payments for each missed month so that it was clear what she had paid and what each payment related to. She was making one payment per day and expected the process to be completed by mid-January. But in order to make the final few payments due, from September 2024, she would need Barclays to confirm the exact amounts she would need to pay. She said she was happy with my proposed outcome and the level of compensation. But she was concerned to make sure an application to extend the term would be processed properly. She said that Barclays had told her it had been able to resolve direct debit issues for other customers of M, but if it proved not to be possible in her case she would set up a standing order – but would need Barclays to tell her the amount and date to pay each month. She was also concerned that not all the payments she had made to clear the arrears had been acknowledged.

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 note both parties accepted my provisional conclusions, and having considered matters again I see no reason to change my mind.

However, Barclays has now explained the difficulties in setting up a direct debit with M. To avoid the risk of further problems, it's best for Ms C to set up a standing order, until the migration to the new system has taken place. Once that has happened, it should be possible to set up a new direct debit. I'm therefore changing my proposed outcome to require Barclays to facilitate this – including by giving Ms C clear and timely information about the amount and payment date needed for a standing order now, as well as notifying her promptly about changes to her payments in the future, because a standing order has to be amended by Ms C, not Barclays.

My final decision

My final decision is that I uphold this complaint. I direct Barclays Bank UK PLC to:

- Confirm to Ms C the remaining missed payments, if any, so that she can make the final payments to repay the arrears if she has not already done so.
- Once the arrears are re-paid:
 - Re-work Ms C's mortgage to remove all interest charged on arrears since July 2023.
 - Remove any arrears fees or legal fees added to the mortgage, plus interest, and not add any further fees in connection with the arrears or legal action

resulting from them.

- Amend Ms C's credit file so that it shows all payments since July 2023 as having been made in full and on time.
- Write to Ms C confirming that legal action has been withdrawn and setting out the calculations made to re-work the mortgage, including that the mortgage is now up to date. In that letter Barclays must set out what the expected monthly payments are, it must set out exactly what information Ms C needs to put a standing order in place, and it must set out what information she needs to make manual payments as an alternative.
- Should Ms C's monthly payments change in future, whether because of a change in the interest rate or for any other reason, write to Ms C with full details of the new payments in good time for her to amend any standing order or manual payment.
- Once Ms C's mortgage has been migrated to the new system, write to Ms C with all the information she needs to set up a new direct debit and, should Ms C want to arrange a direct debit at that point and provided she completes the appropriate mandate, ensure that it is put in place.
- Increase its offer of compensation to £850 – including payments already made.
- Provide Ms C with a single named point of contact able to access the Trinity system, including that person's direct contact details, to manage any application Ms C may want to make regarding her mortgage – provided that Ms C confirms to the investigator that she wants to take up this option no later than the deadline for acceptance of my final decision. In considering any application Ms C does make, Barclays must disregard the arrears and consider the application on the basis that all payments since July 2023 were made in full and on time.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 14 February 2025.

Simon Pugh
Ombudsman