

The complaint

Mr and Mrs R complain that Barclays Bank UK PLC has overcharged them interest on their buy to let mortgage because it failed to implement a new application and interest rate. They also complain about how Barclays has communicated with them, and that it has sent field agents to visit them.

What happened

In 2012, Mr and Mrs R took a buy to let mortgage with Barclays. They borrowed £234,499 over ten years on interest only terms. For some years the mortgage was on a tracker rate, but in 2019 Mr and Mrs R took a 2.37% fixed rate which expired in November 2022, around a month before the mortgage term as a whole came to an end. The mortgage then reverted to the standard variable rate (SVR).

Mr and Mrs R had previously been living in another part of the UK, at an address I'll call Address C. But more recently, they've re-located. The tenant left the buy to let property and before it could be re-let Mr and Mrs R say that some repairs were needed. So they moved into the buy to let property themselves – I'll call this Address S. But Barclays still had recorded Mr and Mrs R's address for correspondence purposes as Address C, and so that's where it wrote to them.

In December 2022, around the time the mortgage term expired, Mr and Mrs R had a conversation with a Barclays mortgage adviser, with a view to taking out a new mortgage, also on buy to let terms, to replace this one. There's some dispute about the content of this call – our investigator found that Mr and Mrs R told Barclays at the start of the call that they were now living at Address S rather than Address C, but Barclays didn't take note of this or update its records. So it continued to send correspondence to Address C rather than Address S.

Prior to the meeting with the adviser, she emailed Mr and Mrs R to ask for various documents – including proof of income, proof of address, and evidence of the property's likely rental yield (such as a surveyor's report or letting agent's appraisal). Mr and Mrs R sent a bank statement and a pension payment advice, and said they'd send the other documents once available.

During the call, it was agreed that Mr and Mrs R would apply for a new buy to let mortgage for just under £236,000 over nine years, again on interest only terms. They also requested an initial interest rate tracking 1.34% above the Bank of England base rate for the first two years.

Barclays issued a decision in principle – a decision in principle is not a confirmed mortgage offer, it's confirmation that Barclays can accept an application on those terms, subject to detailed underwriting.

No further action was taken with the application. Exactly what happened and why is in dispute, and I'll say more about that below. But in any case, the new mortgage was not put in place.

That meant that the old mortgage was not paid off, and continued in place. Barclays charged Mr and Mrs R interest at the SVR – which increased significantly after December 2022 as wider interest rates increased, peaking in 2023.

And because the capital balance of the mortgage remained unpaid, Barclays tried to get in touch with Mr and Mrs R to discuss their plans for repayment. It wrote to them – but at Address C, not Address S. It also tried to call them on several occasions, mostly without success, though on at least one occasion Mr R did answer the phone but refused to go through security with an unknown caller.

By June 2023, as Barclays hadn't been able to speak with Mr and Mrs R about their plans for repayment of the capital, it sent a field agent out to visit them. But it sent the agent to Address C, with the result that the agent was unable to speak to Mr and Mrs R face to face – but the agent was able to speak to Mr and Mrs R by phone. The agent reported to Barclays that Mr and Mrs R had said they were now planning to sell the property and it was on the market. Separately, a field agent did visit Address S and spoke to Mr and Mrs R there.

The mortgage began to fall into arrears. However, that wasn't because Mr and Mrs R were unable to pay (although they've said that the increased payments following interest rate rises were difficult for them). It was because of an error with the direct debit that meant that Barclays wasn't collecting enough. Mr and Mrs R complained about that in February 2024. Barclays upheld their complaint and resolved the issue with the arrears. It advised them to pay by standing order in future to avoid risking the same problem again. It sent them a written response to their complaint – but again sent it to Address C.

In April 2024, Mr and Mrs R made this complaint. In summary, they said:

- Barclays was still writing to them telling them that they were missing payments when that wasn't true.
- Barclays hadn't sent them a written response to their previous complaint, even though it had said it would.
- Barclays had sent a field agent to Address S – that agent had turned up unannounced and had failed to produce proper identification or show they had a right to enquire about the mortgage.
- The December 2022 mortgage application hadn't been implemented – meaning they were being treated as being out of term, and meaning they were being charged interest at the SVR rather than the agreed tracker rate.

Barclays said that the 2022 application hadn't gone ahead – it had been cancelled by Mr and Mrs R. So no new mortgage was in place; the interest rate was correct, and Mr and Mrs R were now past the end of the term of their mortgage, and it was reasonable for Barclays to try and engage with them about repaying it. But it offered £200 compensation for the upset and inconvenience caused by the field agent's visit to Address S.

Because that response was also sent to Address C, Mr and Mrs R didn't receive it and brought their complaint to us, where it was considered by one of our investigators.

Our investigator agreed that there was no evidence that Mr and Mrs R had actively cancelled the 2022 application. But she said that they had never provided the further information the adviser had asked for either. She said that as a result the re-mortgage application hadn't been fully considered and no new mortgage had gone ahead. That meant that Mr and Mrs R were properly on the SVR not the new tracker rate. And it meant that the mortgage was out

of term, so it was reasonable for Barclays to want to engage with them about repaying it. But she said that Mr and Mrs R had told the adviser about their change of address in December 2022, and Barclays should have recorded that on its systems – and communicated with them at Address S not Address C.

The investigator said that to put things right, Barclays should update its systems to make sure it communicated with Mr and Mrs R at Address S. It should refund any fees it had charged in connection with the field agent's visit to Address C – but not the visit to Address S, as it was reasonable to want to engage with Mr and Mrs R about their plans. She said that Barclays should increase its offer of compensation to £500 to reflect the upset caused not only by the field agent's failure to show proper identification and authorisation when visiting Address S, but also the upset caused when Mr and Mrs R learned that their personal information had been wrongly sent to Address C.

Mr and Mrs R weren't happy with that, so their complaint falls to be reviewed by an ombudsman.

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.

There are two main issues in this complaint – whether Mr and Mrs R's old mortgage had been (or should have been) replaced with a new one in or around December 2022, and the consequences of that; and how Barclays has communicated with them. I'll deal with each in turn.

The application for a new mortgage

There's no dispute that Mr and Mrs R's old mortgage expired in December 2022, and that they asked Barclays for a new one to replace it. They'd originally asked for a shorter extension, but Barclays said that it didn't extend the term of buy to let mortgages – it would only consider re-mortgaging, for which the minimum term was five years.

Mr and Mrs R arranged to speak to a Barclays mortgage adviser to discuss a new mortgage to replace their old one. Following that discussion, it was agreed that they would apply for a new mortgage for roughly the same amount of borrowing, over a nine year term with an initial two year tracker rate.

Mr and Mrs R now say that Barclays agreed to this new mortgage, and it should have been put in place. They say that this was a binding verbal agreement, and that in not implementing the new mortgage Barclays is in breach of contract.

But I'm not persuaded that this was the case – and while I don't doubt the sincerity of their belief and recollection of that now, I'm not persuaded that this was their understanding at the time either.

I've listened to the recording of the call with the adviser. Mr R says he believes the version we've been provided with has been edited to remove important content. He recalls the conversation as being around two and a half hours long, around an hour longer than the recording now available. I've considered what he says about this. But I'm afraid I don't agree that it's likely the call recording has been edited or manipulated. While I'm not an audio expert, there are no indications of editing and the conversation appears to flow naturally and cover off the matters I'd expect in a call like this. There are no obvious signs of missing content or indications that chunks of the conversation have been removed.

Falsifying evidence provided to the Financial Ombudsman Service would be a very serious matter; I don't think it's likely that Barclays would take the risk of doing that to avoid a complaint being upheld. Having considered everything, I'm satisfied that the recording we have is an accurate recording of the conversation that took place and that it's more likely than not that Mr R's recollection otherwise, two years after the event, is mistaken. Human memory is fallible, and the conversation was some time ago.

During the call, there was discussion about Mr and Mrs R's circumstances and plans. They said they were living in the property pending its renovation, after which they planned to let it out again. Mr and Mrs R selected a particular mortgage and a decision in principle was issued. The adviser reminded Mr and Mrs R that before she can proceed to a full application – which will need to be underwritten – further information from them would be required. This includes evidence of their state pension entitlement, as well as evidence of the likely rental yield. That is, evidence (such as from a letting agent) that the property will, once let, generate enough rental income to comfortably cover the mortgage payments. Mr and Mrs R acknowledged this and Mr R said he would start gathering it the next day.

Two days after the appointment, on 8 December, Mr R emailed the adviser enclosing a recent bank statement and Mrs R's pension payment advice. Regarding the other outstanding items, Mr R said he "will get back to you when I get details from DWP and estate agent".

I think this call and the later email is evidence that Mr and Mrs R understood, both at the time of the conversation and at the time of the email two days later, that they had not already been offered and had not accepted a new mortgage. Rather, they had discussed making an application, and had agreed to do so, but that the application could not proceed until they provided the further information Barclays needed to take it forward. Once they did so, the application would then be considered by a Barclays underwriter, who would decide whether to offer them a mortgage.

In the event, Mr and Mrs R didn't provide the further evidence. There's no evidence of further contact about the application – which remained outstanding and uncompleted on Barclays' system. Around six months later it was marked on the system as cancelled.

When it responded to their complaint, Barclays said that Mr and Mrs R had asked for the application to be cancelled because they had decided to sell the property instead. Mr and Mrs R strongly dispute that, and I think they're right. There's no evidence of any substantive contact between them and Barclays (other than letters sent to the wrong address, and phone calls that didn't go ahead, about which I'll say more below) between December 2022 and when the application was cancelled on the system. So I'm not persuaded that Mr and Mrs R expressly asked for the application to be cancelled.

Mr and Mrs R say that this should be taken as evidence of ongoing dishonesty on the part of Barclays. But I'm not persuaded that's what it is. I've seen the entry in Barclays' system which confirms the application was cancelled on 13 July 2023. There's no further explanation or reason given. The complaint handler has explained that they were unable to speak to the adviser as she is not currently available, so couldn't check the reasons for cancellation with her.

I think what's most likely to have happened is that the complaint handler saw the cancellation note on the system, noted that Mr and Mrs R had separately (but around the same time) told the field agent that they now intended to sell the property, and assumed that they must have asked for the application to be cancelled on that basis. But a field agent wouldn't be able to cancel an application, and there's no evidence of Mr and Mrs R contacting Barclays direct to cancel it. I think it's most likely that the application had been

outstanding with no progress for over six months by that time, and was therefore either actively closed by the adviser because she hadn't heard further from Mr and Mrs R, or simply automatically lapsed for inactivity on Barclays' system.

Therefore, I accept that Mr and Mrs R didn't instruct Barclays to cancel their application. But they also didn't take active steps to proceed with it. As I've said, I think it was clear in December that there was not a new mortgage, or a new mortgage offer, in place and that further evidence from Mr and Mrs R was required before the application could move forward for further consideration. Mr and Mrs R understood what was required and said they would provide it – but they didn't go on to do so. They had the adviser's email and direct contact details to provide the evidence once available.

In the absence of the further evidence, the application could not proceed. As a result, it was never considered by Barclays and no decision was ever made. The application simply sat at the pending stage for several months until it timed out.

Although I accept that this isn't their recollection now, and I don't in any way doubt the sincerity of that recollection, I think they're mistaken in saying that Barclays agreed to give them a new mortgage in December 2022 and that a verbal contract was put in place. There was no new mortgage application submitted – it had started, but not been submitted pending the further information needed from Mr and Mrs R. Having listened to the call, I'm satisfied that was made clear and that Mr and Mrs R understood that at the time. And given the content of the December conversation, and Mr R's follow up email promising to provide the further evidence, I don't think that – at the time – they could reasonably have believed that there was a new mortgage in place. It was still at application stage, the application couldn't proceed without further evidence from Mr and Mrs R, and they didn't provide that evidence. Their recollection otherwise now is mistaken – most likely because of the passage of time, influenced by their belief that Barclays has not treated them fairly. That's not to suggest any dishonesty on their part; it's well known that human memory is fallible, that it changes over time, and that accurate recall can be impacted by other memories and beliefs.

Mr and Mrs R dispute that the further information – in particular the rental appraisal – was necessary. But I don't agree. Buy to let mortgages are designed for rental property, and repayment of the mortgage depends on rental income. It's standard for lenders to want evidence that the rental income will comfortably exceed the mortgage repayments. I appreciate Mr and Mrs R told the adviser what they estimated the rent would be, and have pointed to evidence of what the rent was the last time the property was let (a year previously). But it's reasonable for Barclays to want independent evidence supporting that estimate – in the absence of a tenancy agreement, an appraisal from a surveyor or letting agent. This is a normal requirement for a buy to let mortgage and I don't think it was unfair that Barclays wouldn't take the application forward without it.

I think it's also important to note that even if Mr and Mrs R had provided the further evidence and the application had been submitted, there was no guarantee it would be approved. The adviser produced a decision in principle, but that does not mean that Barclays was obliged to offer a mortgage – it simply means they've passed initial screening on affordability and credit score. There were other factors still to consider.

In my view, the most important of those was that Mr and Mrs R were living in the property. That's not permitted with a buy to let mortgage. Barclays would not have offered a new buy to let mortgage where the borrowers were living in the property. On the call with the adviser, she asked them whether they, or any family member, was living there and they said no – but that wasn't accurate, as they made clear elsewhere in the call. They were in fact living there pending the renovations.

Barclays may have been willing to offer a buy to let mortgage on condition that Mr and Mrs R moved out, and the property was tenanted, prior to completion. But I don't think it's likely Mr and Mrs R would have been able to comply with such a condition. They explained to the adviser that Mr R had been intending to do renovation work himself but was no longer able to because of a recent injury, and they were having difficulty finding builders able to do the work. They said that the previous tenants had damaged the kitchen and all three bathrooms, all of which needed to be repaired or replaced.

So there were substantial works needing to be done. Mr and Mrs R hadn't yet engaged a contractor to do those works. Once the works were finished, they would have to advertise and let the property, as well as move out and find somewhere else to live themselves. All that would have taken some time.

In those circumstances, even if the application had been submitted, and had been approved by Barclays on condition that Mr and Mrs R move out and let the property before completion, I don't think there was a realistic prospect of them being able to meet that condition before any mortgage offer would have expired.

In summary, then, I'm satisfied that Mr and Mrs R began an application for a new mortgage with Barclays. The adviser explained that before she could finalise the application and submit to an underwriter, Mr and Mrs R would need to provide further supporting evidence. Mr and Mrs R said they would do that, but in fact never did – as a result, their application lapsed, was never considered by Barclays, and no new mortgage was offered or put in place. I'm further satisfied that even if Barclays was to blame for not progressing their application – which I don't think it was – there was no realistic prospect of Mr and Mrs R being able to complete on a new buy to let mortgage with a condition that they were not living in the property and it was being let out. So I don't think there are any circumstances in which it's more likely than not that Mr and Mrs R would have had a new mortgage in place to replace the old one.

It follows that the old mortgage remained outstanding, because there was no new mortgage to replace it. The old mortgage was by now beyond the end of the term. The fixed rate had expired in November 2022, and as a result the mortgage had moved on to the SVR. Because there was no new mortgage, there was no new tracker rate. The SVR was the correct rate for Barclays to have charged on the old mortgage while it remained outstanding, that is what it has charged Mr and Mrs R, and so Mr and Mrs R have not been overcharged interest.

I'm therefore satisfied that Barclays has not acted unfairly in respect of this part of the complaint.

The consequences of the old mortgage remaining in place

Because there was no new mortgage to repay the old one, the old one remained in place. After December 2022 it had passed the end of the term, when Mr and Mrs R were expected to repay the capital, but they had not done so.

In those circumstances, I think it was reasonable for Barclays to make efforts to contact Mr and Mrs R to discuss their plans to repay. It hadn't heard anything about the new mortgage application after 8 December 2022, and Mr and Mrs R hadn't taken alternative steps to repay (or, if they had, hadn't told Barclays about them), so it was reasonable for Barclays to want to try to understand their circumstances and how they intended to repay.

Barclays sent several letters, but to Address C, where Mr and Mrs R were no longer living. So they didn't see those letters. But it also called them several times. Generally this was

without success, as Mr and Mrs R didn't answer the phone or return messages. But on at least one occasion Mr R did answer the phone – but he was unwilling to speak to Barclays because it required him to go through security.

I think it's reasonable for Barclays to take steps to make sure it's speaking to the right person and so doesn't give away personal information incorrectly. I can also understand Mr R's unwillingness to give information to an unknown and unexpected caller calling from an unknown number – even if the caller said they were from Barclays. But Mr and Mrs R did know that they had a mortgage with Barclays – so even if they were worried about scam calls, they knew they had a relationship with it. If they were unsure about talking to an unsolicited caller, they could have ended the call and then called Barclays back on one of its publicised numbers to find out if the call was genuine and if so what Barclays wanted to speak to them about. But they didn't do that.

The result was that, more than six months after the term ended, the mortgage still hadn't been repaid and Barclays had no indication from Mr and Mrs R that they intended to repay it, or how they would do so.

In those circumstances, letters and calls having failed, I think it was reasonable for Barclays to instruct a field agent to visit the property to try to find out what was happening and to try to make contact with Mr and Mrs R and discuss their plans for repayment. Barclays accepts that when the agent attended Address S, they should have properly identified themselves to Mr and Mrs R and explained they were authorised to act on Barclays' behalf. I agree. But I don't think instructing the agent to attend in the first place was unreasonable.

Mr and Mrs R told the agent that their plans had changed, and they were now planning to sell the property. They said the same to Barclays in a conversation in September 2023, and again in October 2023. In October, Mr and Mrs R said they were going on holiday for several months, and Barclays wasn't able to contact them again until February 2024. In April 2024 a further field agent visit took place, confirming Mr and Mrs R were still living in the property. Barclays made further attempts to contact Mr and Mrs R in subsequent months, but its calls went unanswered or were disconnected.

The mortgage term expired in December 2022, more than two years ago. When they took it out, Mr and Mrs R agreed that they would repay the mortgage at the end of the term. I don't think it's unreasonable that Barclays expects them to repay, and that it tried to contact them to find out their plans for repaying and to try to agree when and how that would be done. Although Mr and Mrs R are living in the property, this is a buy to let mortgage – so living there is a breach of the terms and conditions of the mortgage.

In allowing Mr and Mrs R two years after the end of the term to find a way to repay, I think Barclays has acted fairly and reasonably in all the circumstances. Once this complaint is over, Mr and Mrs R will need to engage with Barclays, setting out their plans for repayment. Barclays will need to give fair consideration to any proposals they make, and allow a reasonable time for their plans to be implemented. But if Mr and Mrs R aren't able to repay the mortgage within a reasonable time, Barclays will be entitled to take further action to recover the balance. I hope that won't be necessary.

How Barclays communicated with Mr and Mrs R

As I've said, it wasn't unreasonable that Barclays wanted to discuss the mortgage and their plans for repayment with Mr and Mrs R. However, I do think it acted unfairly in continuing to send letters, and sending a field agent, to Address C. Although that was the correspondence address Barclays had on file, and Mr and Mrs R had not specifically asked Barclays to

change it, I think this was something the adviser ought to have discussed with them in the 8 December 2022 call.

At the start of the call, when asked to confirm their addresses for security purposes, Mr and Mrs R said that they were living at Address S but that Barclays would have them down as living at Address C. They said several times in the call that they were no longer living at Address C and were now living at Address S (though they also answered “no” when asked, during the screening questions, whether they were living in the mortgaged property).

I think it should have been clear to the adviser that Address C was no longer the appropriate correspondence address to have used. She should then have either changed the address on Barclays’ system herself, or advised Mr and Mrs R what they would need to do to have it changed.

Putting things right

Had Mr and Mrs R’s address been updated at that point, much of the 2023 correspondence, and the 2024 complaint responses, would have been sent to Address S rather than Address C. And Barclays wouldn’t have sent a field agent to Address C either.

I think this meant that some correspondence didn’t reach Mr and Mrs R, that they didn’t receive the responses to their complaints, and that they were left concerned that there was a risk their personal information would be seen by third parties. This caused them substantial impact and – taking that into account, as well as taking into account their personal and health situation, and the additional impact on them as a result – I think compensation of £500 is fair in all the circumstances. Barclays should also make sure that any costs associated with the visit of the field agent to Address C are not charged to Mr and Mrs R or their mortgage account.

My final decision

For the reasons I’ve given, my final decision is that I uphold this complaint in part, and direct Barclays Bank UK Plc to:

- Remove any costs charged to the mortgage associated with the visit of the field agent to Address C in 2023;
- Ensure that Mr and Mrs R’s correspondence address in connection with the mortgage is updated from Address C to Address S; and
- Pay Mr and Mrs R £500 compensation.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr R and Mrs R to accept or reject my decision before 3 March 2025.

Simon Pugh
Ombudsman