

## The complaint

Mrs H is unhappy that Barclays Bank UK PLC wouldn't agree to remove a charge that relates to commercial borrowing, that she thought had been repaid.

## What happened

Mrs H was the proprietor of a business operating out of commercial premises. She is represented in this case by her partner, but I will only refer to Mrs H for ease. In January 2005, Mrs H agreed to Barclays adding a legal charge to the leasehold of the commercial premises, which it looks like was originally in relation to a commercial overdraft facility provided by Barclays, on a business current account.

In December 2007, Mrs H agreed a commercial loan facility, borrowing a total of £72,500 over a 15-year term. As part of this, the commercial overdraft facility was paid down. The loan facility letter shows that this loan was secured on the same commercial premises.

Mrs H experienced some difficulties making the repayments on this loan and another overdraft balance also accrued. In September 2010, Mrs H agreed another loan (a 'Resolve' loan) to consolidate both the loan facility taken out in 2007 and the overdraft balance that had accrued. Barclays has said it no longer holds a copy of this loan agreement, however account statements and Barclays' contemporaneous internal notes indicate this loan was for £80,500 over a term of 10 years, with an interest rate applying of 6%.

In 2024 Mrs H established that a charge was still held by Barclays against the property and her solicitors asked for it to be removed on the basis no loan balance remained outstanding. Barclays initially responded to say it had submitted a request to Land Registry for the charge to be removed, but it then said a loan balance remained outstanding and the charge would only be removed after the balance was settled.

Mrs H complained. Barclays didn't uphold the complaint. It said it was entitled to keep the charge in place until the loan balance was settled. Mrs H referred the concerns to the Financial Ombudsman Service. Barclays then offered to pay £200 in compensation to reflect the fact it had originally incorrectly told Mrs H that it was asking for the charge to be removed.

Our Investigator relayed this offer to Mrs H but she didn't accept it. The Investigator proceeded to look more into the complaint and issued an assessment to say they were satisfied a loan balance did remain outstanding and that, as such, it wasn't unreasonable for Barclays to say it wouldn't be removing the charge until the balance was settled.

They also thought the £200 compensation was fair to reflect Barclays initially saying it had requested for the charge to be removed.

Mrs H didn't agree. In summary, she didn't think the Investigator had looked closely enough into what had happened and maintained that she shouldn't owe Barclays anything further. She said the 'Resolve' loan had a higher interest rate of 13%, which tied into the charge having been removed when that loan was agreed.

As the matter couldn't be resolved at our informal stage, it has been passed to me to make a final decision.

### **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 done so, I've reached the same overall outcome as the Investigator and for broadly the same reasons. Before I explain why, I want to set out the purpose of my role. It isn't to address every single point that's been made to date. Instead, it's to decide what's fair and reasonable given the circumstances of this complaint.

For that reason, I'm only going to refer to what I think are the most salient points when I set out my conclusions and my reasons for reaching them. But, having considered all of the submissions from both sides in full, I will continue to keep in mind all of the points that have been made, insofar as they relate to this complaint.

The outcome of this case comes down to whether it is reasonable for Barclays to have told Mrs H that it would only release the charge after the balance it said was outstanding, was repaid.

Mrs H disputes there's a balance outstanding that needed to be repaid. She says Barclays hasn't been able to provide the agreement for the 'Resolve' loan and that the Barclays representative she was engaging with about the 'Resolve' loan before it began, had told her the charge would be removed. Mrs H says the interest rate charge on that loan was much higher than the previous borrowing – around 13% - which she says supports her argument that Barclays agreed the charge would be removed.

Barclays says it doesn't have a copy of the 'Resolve' loan agreement, but that it is right when it says there's a balance outstanding that needs to be repaid. It says it wouldn't have agreed for the charge to be removed when the 'Resolve' loan was taken and that there's no evidence to show this was agreed.

#### Barclays saying there was an outstanding balance to be repaid.

It would've been useful to have been able to see the agreement for the 'Resolve' loan. However, Barclays has provided account notes and details of what was happening to the balances of the commercial overdraft and the two loans over time, by reference to the interest charged and payments made.

I'm satisfied that Barclays has demonstrated how the overdraft balances and the first loan taken out in 2007 were consolidated into the 'Resolve' loan taken out in 2010. And Barclays has provided an account history for the 'Resolve' loan in the form of annual loan statements, that show how the balance changes (generally reduces) over time, according to the interest charged and the payments made.

Barclays notes show that the intention was for the 'Resolve' loan to be on a repayment basis over a ten-year term. The annual statements show some missed payments between 2010 and 2018. Given this, it makes sense that there would be an outstanding balance in April 2018, after which the statements show no further loan repayments were made, before the account moved to recoveries in August 2019.

Bearing all of this in mind, I'm satisfied that Barclays has demonstrated there was an outstanding balance to be repaid, when it said this would need to happen before it would

agree for the charge to be removed.

#### Did Barclays agree to remove the charge when the 'Resolve' loan was taken out in 2010?

I've seen Barclays' internal notes relating to the commercial borrowing over time. The entries in the lead up to the 'Resolve' loan being taken show that the intention was for the borrowing to be secured on the same basis.

I appreciate Mrs H has said that the fact the 'Resolve' loan was on a much higher interest rate – around 13% - supports what she's said about Barclays agreeing to remove the charge when the 'Resolve' loan was taken. However, this is not supported by the account notes, which refer to the loan going to be on a rate of 6.5%. And the loan account statements, which show the interest rate applying throughout the loan was actually lower than this at 6% - which makes sense in the context of the account balance and the interest added to the loan.

Where there is a dispute about what's happened, I need to decide what's most likely to have happened, given the available evidence and the wider circumstances.

I've taken note of what Mrs H said she was told about the charge going to be removed in 2010. I accept it's possible that the removal of the charge may have been discussed as a possibility. But the available evidence doesn't support that Barclays ever agreed to this.

There is no mention in Barclays' notes about the charge being removed, in fact the notes indicate the intention was for the charge to remain. Mrs H hasn't been able to provide anything in writing to show that what she said was agreed had been agreed. In addition, I'm satisfied from looking at the account statements that the interest rate applying to the loan was 6%, not the 13% Mrs H said it was.

In conclusion, considering everything, I'm not persuaded that Barclays did agree to remove the charge in conjunction with the 'Resolve' loan being taken out.

#### Did Barclays treat Mrs H fairly in terms of its interactions with her in 2024?

Given my earlier findings, I consider it was reasonable for Barclays to tell Mrs H it would only be prepared to release the charge after the outstanding balance was settled. With that said, I can see (and Barclays has conceded) that it told Mrs H in January 2024 that it was going to write to Land Registry to request for the charge to be removed, before then changing its stance.

This will have caused Mrs H some unnecessary confusion and disappointment. And for that, I think that some compensation is due. Barclays has already offered £200 to reflect what happened. Such an award is towards the upper end of where an error has caused a consumer more than the levels of frustration and annoyance you might reasonably expect from day-to-day life, and the impact has been more than just minimal.

I find that applies to the circumstances of this complaint and that the £200 is reasonable and in line with our approach to compensation awards.

Taking everything into account, I won't be asking Barclays to do anything further to resolve the complaint.

#### **My final decision**

My final decision is that I direct Barclays Bank UK PLC to pay Mrs H a total of £200 in

compensation to reflect the impact of its actions.

If Barclays has already paid some or all of that amount to Mrs H, it can deduct this from what it needs to pay.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 4 March 2025.

Ben Brewer  
**Ombudsman**