

The complaint

This complaint is brought by Mr C in his capacity as a director of a limited company I will refer to as D Ltd.

Mr C is unhappy that Barclays Bank UK PLC declined a request that D Ltd be allowed to rent out property mortgaged to Barclays. Mr C is also unhappy that the amount required to redeem the mortgage varied from the redemption statement provided by Barclays. This has resulted in a shortfall which Barclays is asking D Ltd to pay.

In addition, Mr C is dissatisfied about Barclays' complaints-handling procedures, including information contained in its complaints leaflet, and that complaints can't be raised by email.

What happened

D Ltd had a commercial mortgage with Barclays secured on business premises, taken out on an owner-occupier basis, meaning that only D Ltd could occupy the premises. In 2024 D Ltd wanted to lease out the premises and asked Barclays for Consent to Lease. However, Barclays explained that in order to rent out the premises, D Ltd would need to re-finance its loan onto a property investment loan, which would involve a valuation of the property and a lending fee.

Rather than doing this, D Ltd decided to redeem the mortgage. On 10 May 2024 Barclays issued a redemption statement which was valid up to 3 June 2024, and which did not include the repayment due in May 2024. I understand Mr C was also given a figure to repay the mortgage over the phone.

The mortgage was repaid in two tranches on 5 and 6 June 2024. As a result, additional interest accrued, as the May 2024 repayment hadn't been made, and the two payments were received after 3 June 2024.

Mr C complained, not just about the above two issues, but that Barclays' complaints leaflet said he could complain by email, but didn't provide an email address. He was also unhappy at how long Barclays took to deal with his complaint.

Barclays said, in relation to renting out the property, that this wasn't allowed under the terms of the mortgage, and so a re-financing would have been necessary. In respect of the redemption figure, Barclays acknowledged that it hadn't explained to Mr C over the phone that the figure hadn't included the May 2024 repayment which was still required to be made. Barclays also accepted that its complaints leaflet was misleading, and that it had taken too long to reply to the complaint. Barclays paid D Ltd £175 compensation for these errors.

Dissatisfied with Barclays' response, Mr C, on behalf of D Ltd, referred his complaint to our service. Mr C said he thought it was unfair for Barclays to ask for the loan to be re-financed if the company rented out the premises, as this would have significantly increased the repayments and also required further guarantees. Mr C said he saw this as a "*ruse*" for Barclays to make more money from a good customer, and that the bank had acted

dishonourably. Mr C also said that *“Barclays Bank has been repeatedly reprimanded and fined for this kind of behaviour”*.

Mr C was also unhappy that, after he'd paid off the amount on the redemption statement dated 10 May 2024, he was chased for a further payment of just over £2,000, which the bank later explained was for the May 2024 repayment.

An Investigator looked at what had happened. He was satisfied that Barclays was entitled to ask for the loan to be re-financed if D Ltd wanted to rent out the premises.

In relation to the redemption figure, the Investigator noted Barclays hadn't explained that the redemption figure didn't include the monthly repayment due in May 2024. But he thought the bank's apology and the compensation paid for this was fair.

The Investigator explained that Mr C's concerns about Barclays' complaints leaflet wasn't something we could consider, as this fell outside the scope of our rules.

Mr C asked for an Ombudsman to review the complaint. He explained that over the last ten years tenants in the property (a company I will refer to as A Ltd) have made the mortgage repayments. D Ltd then decided to rent out the premises to another company, so instead of A Ltd making the mortgage repayments, D Ltd would be doing so as landlords. It was therefore unfair of Barclays to use this opportunity to try to place more onerous terms on D Ltd.

Mr C also said that the redemption figure was binding, and so Barclays isn't entitled to ask him to pay anything other than the amount stated in the redemption statement.

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.

Consent to Lease: I've noted what Mr C has said – that the property had been occupied by tenants for ten years, A Ltd, which had paid the mortgage directly to Barclays. Mr C's argument, therefore, is that it was unfair for Barclays to expect D Ltd to re-finance, when there would be no change in the situation, except that D Ltd would be paying the mortgage to Barclays.

However, records at Companies House show that Mr C is the sole director of A Ltd, just as he is the sole director of D Ltd. Therefore the connection between the two companies is not an “arm's length” landlord and tenant relationship, as they are run by the same individual.

This is a different situation from that proposed by D Ltd, which is that it would be renting out the premises to tenants unconnected with Mr C. This increases the risk to Barclays, which is entitled, in my opinion, to ask to refinance an owner-occupier mortgage onto a commercial investment loan.

I therefore find that Barclays didn't act unreasonably and I don't uphold this part of the complaint.

Redemption statement: Barclays has acknowledged that it should have explained to Mr C when he requested a redemption figure in early May 2024 that this didn't include the monthly instalment that was due to be paid in May 2024. I can see that Mr C paid the amount he thought was due, but I'm satisfied that the further amount claimed by Barclays for the unpaid instalment was rightly owed to the bank.

I appreciate Mr C feels very strongly about this, and thinks that the figure he was given, which didn't include the May 2024 instalment, is all he had to pay. But I'm satisfied with Barclays' explanation of how the discrepancy arose.

Complaint-handling: Whilst I've noted Mr C's concerns about the contents of Barclays' complaints leaflet, and how long it took Barclays to respond to the complaint, these are not issues I can comment on. That's because they don't relate to a regulated activity, nor are they ancillary to a regulated activity. As such, a complaint about complaint-handling as a stand-alone activity is not covered by our rules.

Conclusion

I note Barclays paid D Ltd £175 compensation for not explaining to Mr C that the redemption figure didn't include the May 2024 instalment, and for his complaint about the complaints leaflet. A limited company can't suffer distress, but where circumstances warrant, a payment can be made to a director for inconvenience caused. I'm satisfied the £175 paid is sufficient compensation and proportionate to inconvenience caused by the error made by the bank in relation to not explaining clearly that the redemption figure given on 10 May 2024 didn't include the May 2024 instalment.

In the circumstances, there is no basis on which it would be fair or reasonable for me to order the bank to pay any further compensation, or take any further action.

My final decision

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

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask D Ltd to accept or reject my decision before 8 July 2025.

Jan O'Leary
Ombudsman