

The complaint

Mr G complains that Barclays Bank UK PLC has incorrectly reported mortgage arrears to credit reference agencies.

What happened

Mr G has a repayment mortgage with Barclays. During the pandemic, Barclays agreed to a six-month payment deferral which ended in October 2020. In November 2020 Mr G was unable to resume making his full monthly payments so Barclays agreed to switch the mortgage to interest only temporarily from December 2020 until February 2021. November's payment wasn't made.

Since then, Barclays has written to Mr G to inform him of arrears on the account. Mr G has disputed those arrears and has made complaints. He didn't refer any of those complaints to our service at the relevant times.

In March 2024 Barclays wrote to Mr G to tell him it incorrectly reported some information about his mortgage account to credit reference agencies when the mortgage was temporarily moved to interest only during the pandemic. The letter said that it had taken all necessary steps to ensure it had corrected the information and there was nothing further Mr G needed to do.

Mr G complained. Barclays offered to pay Mr G £450 for the distress and inconvenience the matter had caused him, which he did not accept.

Mr G brought his complaint to our service. He didn't think Barclays' offer compensated him adequately for the distress this matter had caused. He said this wasn't the only time this had happened, and he has had to make several complaints to Barclays about incorrect reporting in the past. Mr G said Barclays' error had a significant impact on his ability to secure other financial services at competitive rates, and has impacted his mental wellbeing.

One of our Investigators looked into things and agreed Barclays needed to do more to put things right. She said it should pay Mr G a total of £700 to recognise the distress and inconvenience the matter had caused.

Barclays accepted that outcome, but Mr G didn't. He felt the compensation should be increased. So the complaint has been passed to me to issue a 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.

There is no dispute here that Barclays has made an error in the way it's reported Mr G's mortgage to credit reference agencies. What remains for me to decide, is whether it's now offered to do enough to put things right. Having considered all the circumstances, whilst I appreciate it will come as a disappointment to Mr G, I'm satisfied it has.

Mr G missed a mortgage payment in November 2020. So before Barclays agreed to a temporary switch to interest only payments, the mortgage was in arrears. I understand he complained about that at the time, but that complaint wasn't referred to our service, so we cannot look at it. I understand Barclays found that during the period the mortgage was on interest only, the arrears position was reported as worse than it should have been. It has rectified the way it's reported that, but there were still arrears on the account at the time.

Barclays has now offered to pay Mr G £700 to recognise the distress and inconvenience the incorrect reporting caused. Mr G thinks this should be higher because of the impact he says this issue has had on his ability to obtain credit at competitive rates, and the effect it's had on his mental wellbeing. When asked to provide evidence of the loss he feels he's suffered, or the impact on his credit score, he hasn't provided any. He hasn't specifically referred to any particular instances where he feels Barclays' error has resulted in a direct financial loss and hasn't provided evidence that his credit score has increased since Barclays rectified its reporting. So it's difficult for me to determine that Barclays should provide redress for any financial loss Mr G feels he's incurred, or that any problems he's had obtaining credit have been a direct result of Barclays' mistake.

I can see from the contact notes on the account that since the pandemic, Mr G has had difficulties with his employment and has needed to ask Barclays for help with payment arrangements on occasions where he hasn't been able to afford his monthly payments. I'm sorry to hear about the difficulties he's faced in recent years. But I think on balance, the stress and worry Mr G has experienced in recent years has largely been caused by his wider financial situation, rather than Barclays' reporting a higher level of arrears on his mortgage than it should have.

Having said that, I do think the arrears position being reported as worse than it ought to have been would have contributed significantly to Mr G's worries. I'm satisfied £700 is a fair and reasonable amount to recognise that stress.

Putting things right

Barclays should pay Mr G £700 for the distress and inconvenience its error has caused.

My final decision

I uphold this complaint, and instruct Barclays Bank UK PLC to pay Mr G a total of £700 for the distress and inconvenience it's caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 16 April 2025.

Kathryn Billings
Ombudsman