

## **The complaint**

Mrs W complains about how Barclays Bank UK Plc (“Barclays”) has administered her mortgage current account “reserve” facility, and about how it’s communicated with her.

## **What happened**

Mrs W took out her mortgage with Barclays which began in December 2004. Included with the mortgage was a Mortgage Current Account (“MCA”) reserve facility, which would allow Mrs W to borrow funds up to the reserve limit. Any borrowing through this facility would be secured against the mortgaged property and interest would be charged at a separate rate to the main mortgage. Mrs W’s reserve limit was initially £0, but as Mrs W reduced the amount of her mortgage, the amount she could borrow through the MCA reserve facility increased. This is often referred to as “rebalancing”.

Mrs W contacted Barclays on 7 December 2023, after receiving a letter in November 2023 saying that her MCA was in arrears, and that she owed around £48,000. Mrs W repaid the MCA balance in full at that point and made a complaint about the balance and level of communication she had received from Barclays.

In its response to the complaint, Barclays said it hadn’t made an error with the interest charged on the MCA or the balance. It didn’t think it had acted unfairly in terms of its communication either and didn’t uphold Mrs W’s complaint.

Mrs W didn’t agree so she referred her complaint to the Financial Ombudsman Service. The Investigator said the complaint should be upheld in part and recommended that Barclays should pay Mrs W £150 to recognise the distress and inconvenience it had caused. He also said Barclays should remove any adverse information reported to the credit reference agencies about the arrears that had formed on the MCA in November 2023.

Barclays accepted the Investigator’s recommendations. But Mrs W disagreed and asked for the complaint to be reviewed by an Ombudsman. I reached the same overall outcome as the Investigator but for different reasons. So, I issued a provisional decision.

## **My provisional decision**

In my provisional decision I found we could only consider some parts of Mrs W’s complaint and I have issued a separate decision to confirm that my findings about that haven’t changed.

In relation to the parts of the complaint I can consider, I said (in my provisional decision):

“Barclays has sent monthly MCA statements to Mrs W both before and during the period I can consider. These show, among other things, the transaction history, account balance, reserve limit and interest charged. I appreciate Mrs W has said she didn’t open the MCA statements, but Barclays’ responsibility was to send this information to her – which it did.

I don’t consider I can hold Barclays liable for steps Mrs W may now wish she had taken with the benefit of hindsight (such as opening her emails). I would expect

Barclays to send emails and letters to the correct address, which I'm satisfied it did – I can see the statements are addressed to the correct postal address and Mrs W has confirmed receipt of emails. But Barclays wasn't required to check that Mrs W opened her emails or any letters it might have sent to her.

I think the question I need to consider here is, did Barclays take reasonable steps – in line with the relevant rules, regulations and the terms and conditions – to provide information to Mrs W about the MCA since December 2017? And I'm persuaded it did.

I accept that Barclays could have taken further steps, alongside sending regular statements, to check Mrs W was aware of the MCA and the interest being charged. But saying it could have done that isn't the same as saying it should have done. There isn't anything I've seen within the relevant rules and regulations, nor anything in the individual circumstances of this case, to suggest Barclays should have taken additional steps to communicate with her.

Mrs W has referred to a letter she received from a different business about an unused bank account and what would happen because of that. But a bank account which isn't linked to a mortgage, and which doesn't have what is essentially a secured overdraft facility, is different to the MCA. Even after Mrs W stopped using the MCA for purchases in or around 2015, interest continued to be charged on the money she owed (including during the period I can consider). It was not, therefore, a dormant account because the charging of interest meant it was still active. And, in any case, Barclays was sending regular correspondence to Mrs W about it – something she has referred to in her testimony.

I've also thought about what happened more recently when Barclays decided to reduce Mrs W's reserve limit. I agree with the Investigator that it wasn't unfair for Barclays to reduce the MCA limit in 2023, because it did so in line with the terms and conditions of her MCA. But Barclays didn't make the potential impact of this reduction clear to Mrs W. That is, it didn't explain that the MCA balance would become greater than the reserve limit because of the upcoming changes and that this might lead to the account falling into arrears – something it ought to have known from the information available to it. Barclays also didn't explain how Mrs W could go about avoiding this.

I'm persuaded that Barclays' failure to provide clear, fair, and not misleading information around the impact of the reserve limit decrease has caused some avoidable distress and inconvenience to Mrs W. I am satisfied that if Barclays had made it clear that Mrs W could avoid arrears – and the impact of those arrears on her credit file – by reducing her MCA balance below the reserve limit, she would have done so. I think this is supported by the actions Mrs W took in December 2023 after receiving Barclays letter, where she cleared the MCA balance in full. If Barclays had acted fairly and reasonably in relation to this, I'm satisfied Mrs W wouldn't have experienced the same degree of worry and inconvenience.

I think a fair way to recognise the impact of what's happened in this individual case is for Barclays to pay £150 compensation to Mrs W. Barclays should also correct Mrs W's credit file so that no adverse information has been reported about the MCA following the reduction of the reserve limit.

I appreciate Mrs W feels strongly about her complaint and that in hindsight, she may regret repaying the MCA balance in full in 2023 with funds from her inheritance. But I'm satisfied it was a debt she would be required to pay by the end of her mortgage term – including the interest accrued on the funds she had the benefit of using, in line with the mortgage agreement. I think it's also relevant to note that if Mrs W hadn't repaid the MCA in 2023, interest would have continued to be charged and that would

have further increased the amount she had to repay. Overall, I consider that if she hadn't repaid the MCA when she did, it would have left her worse off financially.

In conclusion, for the reasons I've explained above, I'm satisfied it was fair for Barclays to continue charging interest on Mrs W's MCA balance until she repaid it. I appreciate Mrs W feels let down by Barclays because the interest charged increased the MCA balance over the years, but this is something it's entitled to do in line with the account's terms and conditions. I also think it communicated fairly with Mrs W about her MCA during the period I can consider, apart from one specific situation where I think Barclays acted unfairly in 2023 – and it should put that right by taking the steps I've summarised below.

### **My provisional decision**

My provisional decision is that I propose to uphold this complaint in part and require Barclays Bank UK Plc to (subject to Mrs W accepting my decision):

- Pay Mrs W £150 compensation; and,
- Remove any adverse information it reported to Mrs W's credit file relating to the MCA after the reserve limit was reduced in 2023."

I invited Mrs W and Barclays to let me have any further comments or evidence they wanted me to consider before I make my final decision.

Barclays said they accepted my provisional decision. Mrs W was disappointed with my decision but didn't provide any new arguments or new evidence.

### **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 appreciate Mrs W is disappointed with the outcome of this complaint and she feels that Barclays should have done more to contact her about the MCA. But, as I said in my provisional decision, there isn't anything I've seen within the relevant rules and regulations, nor anything in the individual circumstances of this case, to suggest Barclays should have taken additional steps to communicate with her. The exception to this is that I don't consider Barclays did enough to provide clear, fair, and not misleading information around the impact of the reserve limit decrease in 2023 as I set out in my provisional findings.

As neither party has made any new arguments or provided any new evidence following my provisional decision, I see no reason to depart from it.

I remain of the view that this has caused some avoidable distress and inconvenience to Mrs W, and Barclays should put things right by taking the steps I've summarised below.

### **My final decision**

My final decision is that I uphold this complaint in part. I require Barclays Bank UK Plc to (subject to Mrs W accepting my decision):

- Pay Mrs W £150 compensation; and,
- Remove any adverse information it reported to Mrs W's credit file relating to the MCA after the reserve limit was reduced in 2023.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 9 May 2025.

Keith Barnes  
**Ombudsman**