

The complaint

Mr and Mrs T's complaint is about a mortgage and linked current account they have with Barclays Bank UK PLC. They have said that in 2002 they took out a £100,000 mortgage and a linked flexible loan of £30,000; their understanding being that they could access the £30,000 loan whenever they needed to, and that their monthly payment would cover the interest and repayment of both it and the main mortgage. However, Mr and Mrs T say that Barclays incorrectly set up the arrangement as a mortgage and an overdraft (charged at a higher interest rate), which they were initially unaware of, and their monthly payment only covered the mortgage and didn't also repay the overdraft.

Mr and Mrs T have said they have been complaining about the situation since 2004 when they discovered that they had an overdraft, rather than a loan, but Barclays didn't respond until 2024. Mr and Mrs T believe that they have been treated unfairly, and that Barclays wants to cheat them. As such, they don't think that Barclays should be taking action to repossess their home.

In addition, Mr and Mrs T have raised concerns about the service Barclays has provided, in that it failed to respond to letters they sent it, its handling of an information request and making them aware of the balance of the overdraft. They have also complained about the fact that the overdraft limit increased during the term.

What happened

Mr and Mrs T took out a Woolwich branded mortgage with Barclays in 2002. It was an Openplan mortgage, which was a flexible mortgage product that had a linked overdraft facility. In 2007 the arrangements were updated and the overdraft facility was thereafter provided by a Mortgage Current Account (MCA) which worked in the same way as the previous account – it provided a reserve in the form of an overdraft.

Mr and Mrs T have provided us with letters dated periodically throughout the term of their mortgage questioning the nature of the arrangement they had with Barclays – that there was an overdraft that wasn't paid as part of their monthly payment, rather than a loan that was. They have confirmed that they received no responses to the letters.

In 2023 Barclays started legal action due to the mortgage being in arrears and the MCA borrowing being more than the reserve limit.

Mr and Mrs T raised their complaint about the nature of the arrangements in December 2023. Barclays responded in a letter of 6 February 2024. It confirmed that Mr and Mrs T had taken out a mortgage current account in 2002, which had a reserve limit (overdraft). It explained that its solicitors were involved because, as Mr and Mrs T had exceeded the MCA limit, it had decided to take legal action. Barclays also confirmed that it didn't have a copy of the original mortgage offer, but it said it had kept Mr and Mrs T informed about their mortgage and the MCA by providing regular statements. Barclays also said that it had failed to respond to Mr and Mrs T's letters and so it was upholding that aspect of the complaint and had paid £50 into their account to compensate them for any distress and inconvenience this had caused. Barclays went on to say that it could not be

held accountable for Mr and Mrs T using the MCA reserve funds or the solicitors failing to call them back, as the firm of solicitors was a separate entity to Barclays. It was explained that if Mr and Mrs T wanted to refer their complaint to this Service, they needed to do so within six months of the letter.

On 17 September 2024 Barclays sent another complaint response letter covering some new complaint points Mr and Mrs T had raised. The new points related to Mr and Mrs T being unhappy with the response to an information request they had made to Barclays, along with how their request for a redemption statement had been dealt with. Barclays upheld the complaint and offered Mr and Mrs T £100 compensation for the upset and inconvenience they'd been caused. It was also confirmed that the information requested had been sent to them. Barclays declined to comment on the matter of the mortgage and overdraft facility again.

Mr and Mrs T wrote to us to ask that we consider their complaint, as they were not satisfied with Barclays response. We received Mr and Mrs T's letter on 21 October 2024.

Mr and Mrs T raised the complaint point about not having taken out the MCA and its overdraft again in early 2025, along with concerns about why the MCA reserve limit had changed and that they had been unaware of the balance of the MCA. Barclays responded in a letter of 27 January 2025 and referred them back to the February 2024 final response letter for matters relating to the nature of the arrangements they had with it. It said that it explained that the limit changed in line with the 'rebalancing' function on the mortgage and MCA. It said that as it was satisfied that Mr and Mrs T were aware of this happening as far back as 2016 at the latest, the complaint was time-barred as it had been raised too late. Barclays also highlighted that the MCA balance was over the limit and that was the reason it had taken legal action, which it was satisfied it was right to have done. In relation to letters that Mr and Mrs T had said they had sent, but not received responses to, Barclays said it had no record of receiving them, but on the balance of probabilities, it thought it probably had and not responded. As this was below the service level it should have provided, it offered Mr and Mrs T £200 compensation.

One of our Investigators considered the complaint. She concluded that we could only consider part of the complaint. She went on to consider the merits of the parts of the complaint that fall within our jurisdiction – she didn't recommend that they be upheld.

Mr and Mrs T did not accept the Investigator's conclusions asked that the complaint be referred to an Ombudsman.

I issued a decision on 18 June 2025 setting out our jurisdiction to consider the different aspects of this complaint. I concluded that we could not consider the complaint issues addressed in the final response letter of February 2024, including the matter of Barclays giving Mr and Mrs T an overdraft rather than a loan. However, we can consider all of the other complaint points that were addressed in the final response letters of September 2024 and January 2025, with the restriction of only being able to consider the increases to the MCA reserve limit after 2018.

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 have reviewed the information available about the MCA limit. It appears that the last time it was changed was a decrease to £50,000 in 2016. As such, there are no limit changes for me to consider during the period that I can consider this matter.

In relation to the MCA balance, Barclays sent Mr and Mrs T regular statements which detailed the overdraft balance. It also sent them additional letters whenever the balance exceeded the reserve limit. So I am satisfied that Mr and Mrs T were made aware of the MCA balance and given opportunities to address it exceeding its limit before Barclays decided to start the most recent legal action.

Barclays has already upheld the complaints about the administrative issues Mr and Mrs T have raised, so I don't need to consider whether it did anything wrong. I only need to look at whether what it did to resolve the issues was sufficient. In total, Barclays offered Mr and Mrs T £300 for the problems with its response to their information request, the delay in sending them the redemption statement and it likely not having responded to letters that they sent it. Having considered the errors that did, and might have, occurred, I am satisfied that the amount offered is appropriate and proportionate in the circumstances.

I know this will come as a disappointment for Mr and Mrs T, but in relation to the issues that fall within my remit, I do not consider that Barclays needs to do anything more than it has already offered to in order to compensate them.

My final decision

Barclays Bank UK PLC has already made an offer to pay Mr and Mrs T £300 to settle the complaint and I am satisfied this offer is fair in all the circumstances. As such, my final decision is that Barclays Bank UK PLC should pay £300 in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs T to accept or reject my decision before 21 July 2025.

Derry Baxter
Ombudsman