

The complaint

Mr and Mrs E complain that Barclays Bank UK PLC has failed to offer them support during financial difficulties with their mortgage, and is threatening to repossess their property.

What happened

Mr and Mrs E have a mortgage with Barclays. They've been in financial difficulty for a long time. They previously made a complaint which was considered by one of our investigators.

The investigator said that it was reasonable that Barclays hadn't agreed to switch the mortgage to interest only terms. Barclays offered to backdate a reduced interest rate, which she thought was a fair offer. The reduced interest rate would expire in late 2022, around the same time as the investigator dealt with the complaint. She said that Mr and Mrs E were now working and trying to get things back on track, and that they and Barclays would need to work together to try and agree a way forward.

Mr and Mrs E have now brought a further complaint. They said that Barclays had refused their request for a new fixed rate, or to convert the mortgage to interest only terms. It should have written to them setting out their options before the previous rate expired. They said it hadn't explained or broken down the refund it had applied to the mortgage following the backdated rate in 2022. They hadn't been able to reach agreement with Barclays and it was now threatening them with repossession. They wanted Barclays to put in place a five year fixed rate to follow on from, and backdated to, the rate that expired in 2022 and agree to switch the mortgage to interest only. Doing so would make the mortgage affordable – as evidenced by payments they had made in recent months and the income and expenditure information they'd given Barclays.

Barclays said it was up to Mr and Mrs E to apply for a new interest rate. It wrote to them before their old one ended reminding them it was coming to an end. It had no record of Mr and Mrs E asking about a new rate before August 2024. It said that Mr and Mrs E had called Barclays on 20 August asking for a new interest rate, and for the mortgage to be switched to interest only until Mr E received an inheritance which could be used to repay the arrears. Barclays said it told Mr and Mrs E it couldn't switch to interest only but could consider an application for a new interest rate – at that point Mr and Mrs E disconnected the call without making an application.

Barclays said it had tried to offer support and assistance. But the arrears were over £125,000 and it needed to know more about their financial situation. If Mr and Mrs E would complete an income and expenditure assessment, it would assess what more could be done. But that didn't happen. It referred the mortgage to its solicitors to begin legal action.

Mr and Mrs E said that they were currently paying £1,170 per month, which they had calculated based on interest at 4% on their outstanding balance. That amount was affordable for them. They wanted Barclays to accept that as an agreed arrangement and backdate reporting of that arrangement to September 2022, amending their credit files accordingly. They said that Mr E was expecting to receive a substantial inheritance relatively soon, which would be used to repay the mortgage in full. They could not say for sure when it

would be received. But the person leaving the inheritance was elderly and receiving end of life care.

Our investigator didn't think Barclays had acted unfairly, so Mr and Mrs E asked for their complaint to be reviewed by an ombudsman.

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'm sorry to hear of all the difficulties Mr and Mrs E have had, including health concerns which have contributed to their financial problems. I've taken all that into account when deciding whether Barclays has treated them fairly.

As our investigator explained, we can't – in the absence of material new evidence – revisit matters that were the subject of previous complaints. So in this decision I've focussed on what has happened since the conclusion of the last complaint in 2022.

Barclays completed the re-working of Mr and Mrs E's mortgage account in early 2023. The backdating of an interest rate from 2017 to 2022 resulted in a reduction of the balance of over £30,000. But the mortgage still remained in substantial arrears.

I've reviewed Barclays' records of the history of its contact with Mr and Mrs E. It tried to contact them in early 2023 to discuss what could be done following the conclusion of the previous complaint, but Mr and Mrs E said they wouldn't discuss anything until they had received details of how the account had been amended. They didn't get in touch even after Barclays sent its letter with the calculations. In March 2023, therefore, Barclays referred the mortgage back to its solicitors to take repossession action.

In May Mr and Mrs E got in touch with the solicitors to say that they planned to carry out some essential repairs to the property and then put it on the market. They asked Barclays to agree to an interest only payment arrangement for six months. Barclays said it would consider holding legal action if there was evidence the property was actually on the market. It would need to consider income and expenditure before agreeing to a payment arrangement.

In July 2023, Mr and Mrs E told Barclays an elderly relative was selling their property and would move in with Mr and Mrs E, and they would use the proceeds of sale to repay the mortgage. Barclays asked for evidence of the sale of the other property and how the funds would be used. In August Mr and Mrs E provided a memorandum of sale of the other property. In November, they said that sale had been delayed because of an adverse survey, and said they had suffered a bereavement. Barclays agreed to adjourn the court hearing listed for that month, and asked for updated income and expenditure information.

By April 2024, Mr and Mrs E had still not provided income and expenditure information, though they said that they were both now working. Mr E asked about a temporary interest only arrangement. But Barclays said it wouldn't help, because it would only increase the amount of the monthly payment after the arrangement, which would put them in a worse position overall. The arrears balance was already well over £100,000.

In June 2024, Barclays instructed a field agent to visit Mr and Mrs E. Mr and Mrs E refused to discuss things with the agent. Mr and Mrs E sent in an income and expenditure form in July. It showed that the mortgage was unaffordable based on both repayment and interest only terms. Mr and Mrs E said that the sale of the elderly relative's property had not gone

ahead because she was in declining health. They said Mr E was expected to be a beneficiary of her will and would use the inheritance to repay the mortgage.

Barclays took the view that it was clear that the mortgage was unaffordable for Mr and Mrs E and was likely to remain so for the long term. There was no prospect of getting it back on track. It couldn't rely on an inheritance which was uncertain. It wrote to Mr and Mrs E to say that it was considering resuming legal action. This letter led to the call of 20 August 2024, which led to this complaint.

Mr and Mrs E say that Barclays should have offered them a new interest rate following the expiry of the old one in 2022. The investigator explained when dealing with the earlier complaint that the backdated rate would run from 2017 to 2022, and that Mr and Mrs E would need to get in touch with Barclays to discuss what happened next and how to try to get things back on track.

Mr and Mrs E weren't eligible for a new interest rate from Barclays' standard range at this time, because of the substantial arrears on their mortgage. That's not unreasonable where the mortgage wouldn't be affordable even on a new interest rate, because of the risk of an early repayment charge.

Barclays does offer a forbearance interest rate, which lasts for one year only and doesn't come with an early repayment charge. This is available to customers in arrears – but only as part of an agreed plan to get the mortgage back on track and where it's affordable.

Mr and Mrs E didn't contact Barclays to discuss a new interest rate following the expiry of the old one. It's always up to customers to apply for one. As I say, even if they had applied, they wouldn't have been eligible for a standard rate anyway because of the arrears. And I don't think that even if they had asked about a new rate the forbearance rate would have been available to them either. Based on the income and expenditure information they later provided, the mortgage wasn't affordable for them, even at a lower interest rate.

Mr and Mrs E also had no immediate plans for getting the mortgage back on track and clearing the arrears. They did say later in 2023 that they planned to sell their own property, but it doesn't seem it was ever put on the market. They also said that they would repay from the sale of their relative's property, and Barclays paused further action for that, but that sale fell through. I agree with Barclays that it's not possible to rely on a future inheritance – there's no guarantee how much the inheritance will be, when it will be received, and so on.

For those reasons, Mr and Mrs E wouldn't have been eligible for the forbearance rate even if they had been in touch with Barclays following the expiry of their previous rate.

I also don't think it was unfair that Barclays wouldn't agree to switch the mortgage to interest only terms. A permanent switch isn't possible without a vehicle for repaying the capital at the end of the term. For the same reasons as above, a possible future inheritance isn't an acceptable repayment strategy. Mr and Mrs E have said they know they might have to sell their own property at the end of the term. But their income and expenditure information shows that the mortgage isn't affordable even on interest only terms. The arrears are already well over £130,000 and if that were to continue until the end of the term then any equity Mr and Mrs E have in the property would be substantially eroded.

For the same reasons, a temporary switch to interest only wasn't, in their particular circumstances, something I would fairly have expected Barclays to have offered either. As I say, the monthly payments on interest only terms wouldn't have been affordable, so the arrears would have continued to increase. There's no prospect of the mortgage becoming affordable for Mr and Mrs E in the future. In those circumstances a conversion to interest

only terms wouldn't resolve the situation they're in. It just means that Mr and Mrs E have less time to repay the capital. And, by delaying bringing the mortgage to an end, it risks making Mr and Mrs E's situation worse overall.

I can see that Mr and Mrs E have been paying around £1,150 per month – which is, they say, what their payments would be on interest only terms at a rate of 4%. But their mortgage is not on interest only terms, and the interest rate is not 4%. There was no application for a reduced rate after 2022, and even if there was – as I've explained – it's unlikely Mr and Mrs E would have been eligible for it. Their mortgage is also not on interest only and making it so on a temporary basis would not improve their overall position.

As I say, I'm very sorry to hear about Mr and Mrs E's circumstances. I can see how difficult things are for them. But I'm afraid that the reality is that their mortgage is simply not affordable for them, and there's nothing Barclays could reasonably be expected to do which would change that. The longer things drag on, the more their debt increases, and the worse their situation becomes. I hope they've been able to use the time this complaint has been under consideration to find a way forward. If so, they'll need to engage with Barclays and discuss their plans. But it's likely to be necessary to bring the mortgage to an end, one way or the other, to prevent their situation becoming worse. I hope a solution can be found.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E and Mr E to accept or reject my decision before 13 October 2025.

Simon Pugh
Ombudsman