

The complaint

Miss S complains that Barclays Bank UK PLC made mistakes in its administration of her offset mortgage and its communication has been poor.

What happened

Miss S had a Woolwich offset mortgage which was linked to a mortgage current account (MCA) and a savings account, with an agreed repayment date in November 2025. She says Barclays made a number of mistakes with the mortgage from early 2024 onwards: it gave her conflicting information about how the mortgage was operating, didn't tell her when payments were due and wrote to her threatening legal action because of arrears.

Miss S complained to Barclays multiple times, and between March and October 2024 it sent her five final response letters. It sent her a further final response letter in January 2025. Miss S has since repaid the mortgage in full.

In February 2025 Miss S referred her complaint to us. Our Investigator said that parts of the complaint are time-barred because Miss S didn't refer them to us by the deadline in Barclays' final response letters.

The Investigator said this meant we could only look into the complaint Barclays responded to in its 1 October 2024 final response letter, which is that Barclays didn't send Miss S written notice in advance of changes to her monthly payments, and that its correspondence about arrears and legal action was distressing.

The Investigator said that Miss S's later complaint about what Barclays had reported on her credit file about her mortgage arrangements was being considered separately, so she wouldn't be looking into that.

Following our involvement, Barclays identified that an interest credit of £2.67 which it should have applied to Miss S's mortgage had been credited to her savings account instead. This is what had led to the mortgage arrears. By the time it realised this, Miss S had repaid her mortgage. Barclays offered to pay her £150 for distress and inconvenience, on top of the £200 it had paid previously for this complaint, plus £16.90 to reflect the lower amount she would have paid when she settled the mortgage had it credited the £2.67 to the right account.

Our Investigator recommended that Barclays pay interest on the £16.90 refund, and said she thought its offer was otherwise fair.

Barclays didn't say whether or not it accepted that recommendation, but Miss S did not accept it. She didn't think £150 was fair compensation given the impact Barclays' mistake has had on her.

The complaint was referred to me to decide. I issued a decision to confirm the scope of what I can and can't consider in this complaint. I said that I can only consider the complaint points that Barclays responded to in its final response letter of 1 October 2024 – that is, the lack of

notice of payment changes, the mortgage arrears balance of £2.67 which resulted in arrears correspondence being sent, and the impact of this on Miss S.

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.

While I can't make a determination or award in respect of all the various complaints Miss S has made since early 2024, I can bear them in mind as part of the overall circumstances of the complaint I can decide. It's clear that Miss S is very frustrated with Barclays' repeated mistakes with her accounts and the conflicting information she has received. Those mistakes do not appear to be in dispute – Barclays upheld the complaints I can't look at and paid Miss S a total of £750 in compensation for non-financial loss.

Miss S was using her savings to offset the interest on her mortgage fully. But, because of the way Barclays calculates interest and because of changes in the variable rate, in some months she had a small amount of interest to pay. In 2024, one of those payments came to £2.67. In its response to Miss S's complaint, Barclays acknowledged that Miss S hadn't received a letter notifying her that this payment was due, so it said it had cleared the £2.67 as a goodwill gesture.

However, it later came to light that Barclays had credited the £2.67 to Miss S's savings account and not her mortgage. As a result, the mortgage continued to be in a small amount of arrears and Barclays sent Miss S arrears letters and quarterly arrears statements. Miss S was very worried about the consequences of this, and in particular the threat of legal action and the impact of arrears on her credit file. She has said that the credit limit on her credit card was reduced from £20,000 to £1 because of Barclays' mistake.

Miss S has also pointed out that Barclays had many opportunities to identify what had gone wrong and to put it right, but failed to do so for many months. I agree with her about that, but I also find that Barclays correctly reassured her in phone calls and in its October 2024 final response that the arrears correspondence she had received was issued automatically and didn't mean that it was about to begin legal action. It also confirmed in calls and in its final response that her credit file hadn't been adversely impacted by the small amount of arrears. The credit file arrears Miss S has complained about arose as a result of a separate problem with the limit on her MCA, and that has been considered and resolved in a separate complaint.

I'm satisfied that Barclays has now offered to put right the financial loss arising from what went wrong in this complaint, by offering to pay Miss S £16.90 for the additional interest she wouldn't have had to pay when she settled the mortgage if it had credited the £2.67 to the right account. I agree with our Investigator that it should also pay Miss S interest on that sum, as set out in more detail below.

Barclays has paid Miss S £200 for non-financial loss in this complaint and has offered her a further £150. In all the circumstances, I think a total of £350 is fair. While I realise that Miss S doesn't think it goes far enough, I consider that it recognises the time it took for Barclays to identify what had gone wrong, the effort Miss S put in to try to sort things out, and the worry and upset she was caused.

My final decision

My final decision is that Barclays Bank UK PLC must pay Miss S:

- £16.90, to reflect the additional interest she paid on her mortgage when she settled it, plus simple annual interest of 8% on this sum calculated from the date the mortgage was repaid to the date of settlement. Barclays may deduct income tax from the 8% interest element of my award, but it should tell Miss S what it has deducted so she can reclaim the tax from HMRC if she is entitled to do so;
- £150 compensation, on top of the £200 it has already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 19 October 2025.

Janet Millington
Ombudsman