

The complaint

Mr and Mrs M's complaint is that Barclays Bank UK PLC has mishandled the mortgage they have with it. They believe this is the case as for *'more than a decade, Barclays has failed to act in good faith, provide transparent information, and comply with regulatory standards, court orders, and agreed-upon terms, causing us significant emotional distress, financial hardship, and existential uncertainty.'* Specifically, Mr and Mrs M consider that the arrears balance of the account Barclays has produced for both them and the courts is wrong and so it should not have taken the legal action it has. In addition, they have said that Barclays didn't offer reasonable forbearance options to them when they were in financial difficulties.

What happened

Mr and Mrs M took out their mortgage with Barclays in 2006. They borrowed £980,000 on an interest-only basis over a term of 25 years. The mortgage was set up on an offset basis and with a mortgage current account (MCA) linked to it. Any positive balance in any linked savings account saved Mr and Mrs M mortgage interest, and the interest payable on any overdrawn balance on the MCA was added to the mortgage balance each month.

By the end of 2006 Mr and Mrs M started to experience difficulties making the monthly payments. The mortgage went into arrears and remained that way until the beginning of 2009. The account was paid most months thereafter and Mr and Mrs M made overpayments too, until August 2010. Thereafter, the mortgage was in arrears until early 2019. Barclays decided to take legal action again in 2018. As a consequence of that, and legal action Mr and Mrs M stated against Barclays, Mr and Mrs M made additional payments to clear the arrears, after which the account again mainly remained in credit until the spring of 2022.

After that the mortgage went back into arrears and remained that way due to Mr and Mrs M paying less than the contractual monthly payment (CMP) or making no payment at all. In May 2023 the arrears had reached over £20,000 and Barclays decided to take legal action again. Mr and Mrs M subsequently started making larger payments and the arrears reduced to only a few hundred pounds by the beginning of 2024. Barclays stopped the legal action. Payments then stopped for the remainder of 2024, two payments were then made at the beginning of 2025 before payments stopped again.

On 20 February 2014 one of my Ombudsman colleagues issued a final decision relating to Mr and Mrs M's concerns about how Barclays had operated their mortgage and MCA up to that time, including how it had handled overpayments made, the financial difficulties they'd experienced and the decision to take legal action. My colleague upheld the complaint in part as he considered that Barclays had at times added arrears management fees when it should not have. He ordered that the relevant fees and associated interest be refunded to the mortgage account.

As a result of legal action Mr and Mrs M started against Barclays in 2018 the court required Barclays to provide it with a 'transparent account of its dealings with the Claimant's account so that the manner in which the adjustments were made is clear to the reader.' This order was made in October 2018. Mr and Mrs M have said that Barclays did not comply with the

court's requirements, but they have provided account transactions dated 8 November 2018 that were submitted to the court by Barclays.

Subsequently, in March 2019 a Tomlin order was issued by a court. It set out an agreement reached between Mr and Mrs M and Barclays – that Mr and Mrs M would clear the MCA overdraft by 10 May 2019, and Barclays would discontinue its legal action. Barclays was also to reverse an adjustment to the account of £5,053.37 and would forgo legal costs in relation to two legal actions, including removing any that had already been added to the mortgage balance. Mr and Mrs M were to, thereafter, make the contractual monthly payments.

On 10 March 2023 Barclays responded to a complaint about the letters and calls Mr and Mrs M were receiving about the account being in arrears. They were unhappy because they said they'd been told that they could make overpayments over the summer when their income was higher and underpayments in the winter. As such, they didn't think the mortgage was in arrears and the fact that Barclays considered it was, meant that they were having difficulty getting assistance as they were struggling due to the increase in interest rates. The complaint was upheld as Barclays accepted that Mr and Mrs M had been provided with incorrect information about having a pre-payment balance when they spoke to it on 27 January 2023. Barclays offered Mr and Mrs M £75 compensation for the distress and inconvenience they suffered because of this.

In May 2023 Barclays decided to start legal action again due to the level of arrears that had built up on the mortgage. Following the action being started, Mr and Mrs M made payments that almost cleared the arrears balance and Barclays discontinued the legal action in February 2024.

During that period, Barclays also produced a statement for the mortgage account in the format that Mr and Mrs M specified they wanted in order to be able to understand the balances and transactions on the account. Various concerns were raised by Mr and Mrs M, and explanations were given to them about the adjustments that had been made on the account and the arrears balances. Barclays confirmed that as the matters Mr and Mrs M were unhappy about were the subject of court proceedings, it didn't log any of them as a complaint, as it would normally have done.

Mr and Mrs M contacted us in June 2024 with their concerns about the mortgage. They were advised that they needed to raise their complaint with Barclays in the first instance. They did so and Barclays responded to the complaint in a letter of 27 August 2024. It addressed the following complaint points:

- Barclays had amended the mortgage conditions.
- Barclays had mishandled the overpayments they had made.
- Manual adjustments made to the mortgage in August 2010, February 2019 and March 2019.
- The level of arrears on the mortgage.
- Barclays acted fraudulently and did not comply with its regulatory duties.

None of the complaint points were upheld.

Mr and Mrs M were not satisfied with the response they received and asked us to consider the complaint on 19 March 2025. One of our Investigators looked into the complaint. He concluded that we could and should only consider part of the complaint.

Mr and Mrs M didn't reject the Investigator's conclusions and Barclays accepted them. As such, the Investigator went on to consider the merits of the part of the complaint that fell within our jurisdiction. He didn't recommend that the complaint was upheld.

Mr and Mrs M said that they didn't agree with the Investigator's conclusions about what parts of the complaint we would consider the merits of. They said that they considered the Ombudsman's decision of 2014 was wrong and we should look into their concerns about the mortgage from the start. Furthermore, Mr and Mrs M said that the central point of their complaint was missed – that Barclays misrepresented the arrears to justify court proceedings. They also maintained that Barclays had not provided clear figures regarding their mortgage, and this meant that they had to do a lot of work to make sense of them. Mr and Mrs M also said that this had led to us being confused about the numbers – that the numbers didn't add up as the arrears should be calculated as the difference between the original loan amount and the current balance. the claimed loan amount minus today's balance equals the arrears or repayments.

Mr and Mrs M said that they consider that the mortgage offer saying that at the end of the term their balance would be the same amount as they borrowed, means that Barclays should not have applied any overpayments to the capital balance. They said that the terms and conditions cannot be applied to their mortgage as the mortgage offer was tailored to their circumstances. Mr and Mrs M also said that manual adjustments to the capital balance gave the appearance of arrears when no capital was contractually due until maturity. As such, by the Investigator accepting Barclays' interpretation of the terms and conditions, we have allowed Barclays to misstate the arrears and to present inflated figures both in court and to us.

In addition, Mr and Mrs M reiterated many of their points about the figures provided by Barclays and stated that the legal proceedings were discontinued in 2019 because it did not want a judge to consider the case. They have said that Barclays had previously offered an adjournment if they accepted the arrears figure it had put forward and that the mortgage had become a repayment mortgage, which they refused. They asked that the complaint be referred to an Ombudsman.

The Investigator responded to what he considered to be the key points Mr and Mrs M had raised. He was not persuaded to change his conclusions. Mr and Mrs M subsequently confirmed that their appeal to the Investigator's conclusions related to the handling of the legal costs refund on 26 February 2019 only, which they consider was incorrect and was 'carried forward' to the arrears balance Barclays used in the 2023 legal action. They said they would revert to us regarding their concerns about the remainder of the complaint after that part of it was considered by an Ombudsman. We confirmed that our procedures meant that the Ombudsman the case was assigned to would deal with the entire complaint.

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.

Mr and Mrs M have said that they consider that Barclays has consistently failed to comply with court orders. While I will consider Barclays administration of their mortgage and the decisions it made, I would make it clear that if they consider that Barclays have breached a court order, or believe Barclays' representative's behaviours during any court processes were inappropriate, they would need to raise those matters with the relevant court.

I would also confirm that as an Ombudsman's final decision is just that – final – I will not be limiting my conclusions to the matter of the application of the legal charges refund of 2019,

with Mr and Mrs M having the option to ask for their other points to be considered later. I set out my conclusions regarding what parts of the complaint I would be considering in a decision dated 2 December 2025.

I also think it may help at this point if I explain that the Financial Ombudsman Service doesn't supervise, regulate or discipline the businesses we cover. And my role isn't to punish or penalise businesses for their performance or behaviour; that's the role of the regulator – the Financial Conduct Authority. My role is to see if Barclays has acted fairly and reasonably in their dealings with Mr and Mrs M.

Mr and Mrs M have raised specific concerns about how the overpayments they made at times were handled by Barclays and that this handling effectively meant that the mortgage had been changed to a repayment basis. The terms and conditions make it clear that any overpayments will be paid off the balance of the mortgage. While that puts the mortgage ahead of where it should be in relation to the debt repayment, I have seen nothing that indicates the overpayments have not been treated as they should have been or that the repayment basis of the mortgage has changed.

I would at this point explain to Mr and Mrs M that their understanding of how the arrears balance has been calculated is not accurate. They believe that it should be the difference between the amount of the original advance and the current capital balance. That is not the case; aside from anything else, their reasoning takes no account of the interest that the mortgage attracts. The arrears balance is the shortfall between what they were due to pay, including interest, and the amount they have actually paid. In addition, as is required by the regulator, the arrears are recorded as a separate balance over and above the capital balance.

In relation to the manual adjustments that occurred in February and March 2019, which Mr and Mrs M have questioned, these relate to the Tomlin order. The first of these adjustments happened on 22 February 2019 and was the refund of the legal fees that had been agreed. As it was a refund of the legal fees, it should only have affected the capital balance and not the arrears balance. Unfortunately, due to the way that Barclays applied the payment to the account it not only reduced the capital balance, but it was also credited to the arrears balance. Barclays made amendments to the arrears balance to return it to the level that it was before the refund had been applied. I am satisfied that while Barclays made a mistake initially, it rectified that mistake.

The second payment was the reversal of the adjustment from 2010 and was made on 12 March 2019. On the same day the mortgage interest was added to the balance of the mortgage. The overall figure for the mortgage balance on Barclays' figures is, therefore, correct. The payment was correctly applied to the arrears balance as well as the capital balance, and changed it from the account being in arrears to being slightly in advance. I am satisfied that Barclays didn't do anything wrong.

While Mr and Mrs M have maintained throughout that they disagree with the arrears balance they and the courts have been told about, I have seen nothing to indicate for the period I can consider that issue, that it has been wrong.

As for Barclays' decisions to pursue legal action against Mr and Mrs M, this is always meant to be a last resort for a lender, after it has done what it can to try to help the borrowers. I note that Mr and Mrs M have said that they weren't given such help, however, I also note that throughout they have disagreed with Barclays figures. In order for Barclays to have offered help, Mr and Mrs M would have needed to co-operate with the process and that would include accepting that the mortgage was in arrears and by how much. Given the disputed situation regarding the mortgage balances, and the level and duration of arrears on

the mortgage at the two points Barclays decided to take legal action, I don't consider that it was unreasonable to do so.

In relation to Barclays stopping legal action, I don't consider that it indicates that Barclays was wrong to have started the legal action initially. In 2019, as I have detailed above, the legal action was ended because that is what was agreed in the Tomlin order if Mr and Mrs M paid what they agreed to, including making the monthly payments going forwards. As they did this, Barclays stopped the legal action as it agreed to. I have already commented on the implications of the agreement and won't do so again. In relation to the 2023 suspension, this was due to Mr and Mrs M reducing the arrears very significantly, meaning that it was not necessary for Barclays to continue legal action at that time.

As for Mr and Mrs M's concerns that they have not been provided with clear evidence about the transactions on their mortgage account, I think they have been. While that information may not have been in the exact format they wanted at different points, that does not mean that the information provided was not clear.

Overall, I am not persuaded that the evidence shows that Barclays handling of the mortgage or its balances during the periods we can consider those issues was incorrect or inappropriate. I don't consider that Barclays treated Mr and Mrs M unfairly.

I would make one further comment – Mr and Mrs M have said that they think we have relied on evidence that they have not seen because of the figure the Investigator quoted for the arrears in September 2017. I would confirm that figure was taken from a spreadsheet that Mr and Mrs M gave us, so I am satisfied that they did have that information.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs M to accept or reject my decision before 5 January 2026.

Derry Baxter
Ombudsman