

The complaint

Mr A and Miss P complain that Barclays Bank UK PLC didn't treat them fairly and provide support when their mortgage fell into arrears.

Mr A asks that Barclays waives the arrears or takes them from the equity in the property. Alternatively, he asks that it switches the mortgage to interest only payments or extends the term.

What happened

Mr A and Miss P have a mortgage with Barclays. The mortgage has been in arrears since 2020. The arrears have increased to about £60,000.

Mr A doesn't want Barclays to take possession of the property, which is the family home. He says he has a health condition which is exacerbated by stress and affects his ability to work. Mr A says Barclays hasn't treated them fairly or offered support to help them get the mortgage back on track. He says that Barclays is responsible, at least in part, for the arrears.

Barclays says, based on the income and expenditure provided by Mr A and Miss P, they're not able to clear the arrears and their circumstances are unlikely to improve. It said it can't adjust the arrears from the equity.

I've written to the parties to say that we can only look into Mr A and Miss P's complaint that Barclays didn't agree a repayment plan or other solution in early 2025, despite it suggesting a repayment plan would be agreed and them calling it on multiple occasions.

Our investigator said she couldn't fairly require Barclays to put a repayment plan in place or require it to waive Mr A and Miss P's arrears or reduce their interest rate. Our investigator said Barclays should increase its offer of compensation from £50 to £250 for the distress and inconvenience caused by saying it could offer a payment arrangement when this wasn't the case.

Barclays agreed. Mr A and Miss P didn't agree. Mr A said he'd made Barclays aware of his medical diagnosis and that stress can exacerbate his symptoms. He said their credit files have been severely affected despite their attempts to resolve the situation. He asked for a switch to interest only terms until the arrears are cleared, or a term extension. Mr A said they'd been naïve in not making mortgage payments, but Barclays had to take some responsibility for the arrears given its lack of support.

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 A and Miss P's mortgage is in arrears of about £60,000. They want to agree an arrangement to clear the arrears so that they can stay in the property.

Mr A contacted Barclays in January 2025. He put forward a proposal whereby they'd switch

to interest only payments and make an additional monthly payment (of about £1,400) towards the arrears.

Barclays didn't agree to the proposal. It said Mr A's proposal wouldn't have cleared the arrears within 12 to 24 months (the maximum time that Barclays allows a temporary switch to interest only payments). Mr A didn't have a strategy to repay the remaining arrears. When the mortgage went back onto repayment terms Mr A and Miss P's contractual monthly payments would increase, and they'd still have arrears to address. Barclays didn't expect, based on the information it had, that Mr A and Miss P's circumstances would improve in the meantime.

In addition, the information Mr A and Miss P provided about their income and expenditure showed they could afford contractual monthly payments on repayment terms. So they didn't meet Barclays' criteria for a short term switch to interest only payments. Barclays said it didn't help matters that Mr A and Miss P didn't make any mortgage payments between December 2022 and April 2025.

I appreciate that by switching to interest only payments Mr A and Miss P would be able to make higher payments towards the arrears. But they wouldn't be making payments to reduce the capital balance. At the end of any interest only period they would still need to repay the capital balance, with less time to do so before the end of the term. I think it's fair for Barclays to take the overall position of the mortgage into account when considering Mr A's proposal.

I think Barclays fairly explained why it declined the proposal and I think the reasons it gave were fair.

Mr A says Barclays is partly responsible for them not making payments between December 2022 and April 2025, due to its lack of support. We told Mr A and Miss P that we can't look into the complaints they raised in 2022. I can't fairly require Barclays to accept Mr A's proposal, write off arrears or offer a reduced interest rate or term extension on the basis it is somehow responsible for Mr A and Miss P's decision not to make any mortgage payments for more than two years.

Barclays has to record accurate and up to date information with the credit reference agencies. Mr A and Miss P's mortgage has been in arrears for some time. I can't fairly find that Barclays was unfair or made an error by reporting this to the credit reference agencies.

Barclays should have provided a better service. Mr A contacted Barclays with his proposal in mid-January 2025. After initial discussions in January 2025, Mr A said he needed to discuss the matter with Miss P. He reduced the amount paid towards his debt management plan, which increased the amount available for payments to the mortgage account.

Mr A called Barclays again, in mid-March 2025. Barclays said a switch to interest only payments for 12 months was acceptable and it could offer a reduced interest rate. It called Mr A back on the same day, to say the plan would need approval. Two days later it confirmed the plan, before telling Mr A a few days later that it was declined.

Barclays said the matter would be reviewed by its panel, to see if it could agree the proposal as an exception to its usual policy. It said this would take four to six weeks. The panel declined the proposal in April 2025.

It's understandable that Mr A and Miss P were disappointed, and upset that they'd spent time providing information and discussing a proposal that was then declined. Barclays needed income and expenditure information from Mr A and Miss P, and to discuss the

proposal with them. But it shouldn't have said the plan was acceptable. This resulted in Mr A spending more time than necessary providing information to Barclays. It must have been disappointing for Mr A and Miss P to be told the proposal was accepted and then be told it was declined. Mr A has told us he has a health condition, which can be exacerbated by stress. I think it's right that Barclays agreed to pay compensation.

Mr A and Miss P's financial circumstances are difficult. Mr A is in a debt management plan with other creditors. Mr A and Miss P have significant arrears. They are worried about Barclays starting legal action to recover the debt. While all of this must be stressful, it didn't result from Barclays failing to tell them sooner that their proposal wasn't acceptable.

Mr A and Miss P were hoping to agree a plan that might avoid legal action and get the mortgage back on track. As I said, I think the reasons Barclays gave for declining Mr A's proposal were fair. I think £250 is fair and reasonable compensation for the additional upset and inconvenience caused by Barclays not telling Mr A and Miss P this sooner.

I don't think it's fair and reasonable to require Barclays to agree to Mr A's proposal, to waive the arrears or take them from the equity, or offer a reduced interest rate or term extension.

Mr A and Miss P are in a difficult position. I do understand that they want to stay in their home. Barclays suggested Mr A and Miss P take independent financial advice. It might be worth them considering this, to see if there are any options available to them that could help them stay in the property.

My final decision

My decision is that I uphold this complaint and order Barclays Bank UK PLC to pay £250 to Mr A and Miss P.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Miss P to accept or reject my decision before 13 January 2026.

Ruth Stevenson
Ombudsman