

The complaint

This complaint is about a now expired interest-only mortgage with linked mortgage current account (MCA) that Ms S holds with Barclays Bank UK PLC. The mortgage began in 2004; it was due for repayment in February 2024. The MCA overdraft was also due to be repaid at the same time, and the monthly MCA statements included a narrative to that effect.

There are two broad elements to the complaint, which I summarise below:

- Barclays' withdrawal of the overdraft facility on the MCA when the mortgage expired in February 2024 (the first complaint); and
- Barclays' handling of a re-mortgage application Ms S made after the mortgage term had expired (the second complaint).

What happened

Our Investigator thought that the first complaint should be time-barred under our rules. On the second complaint, that he thought wasn't time-barred, he didn't think Barclays had treated Ms S unfairly by its decision not to agree to the re-mortgage or the manner in which it handled the application.

Ms S asked for the case to be reviewed by an ombudsman. In addition to disagreeing with the Investigator's findings on the second complaint, Ms S has continued to argue her case about the first complaint.

By way of a decision dated 6 January 2026, I confirmed that our jurisdiction confined me to looking into the second complaint. Where I refer to the first complaint in the decision narrative, it will be for context only.

What I've decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. But in doing so, we have to work within the rules of the ombudsman service.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

With the end of the mortgage term approaching, Ms S was faced with a slightly circular problem. She had been hoping to extend the lease of the mortgaged property and use the overdraft to fund the extension. The withdrawal of the overdraft facility meant she didn't have

the money she needed to fund the lease extension, but at the same time, Ms S needed to extend the lease in order for the property to be acceptable security for a re-mortgage.

That is a horrible situation for Ms S to be facing, and I'm not at all unsympathetic towards the problems it presents her with. But I could only find in Ms S' favour, and order Barclays to pay her redress, if I was persuaded on the balance of probabilities that Barclays put her in that situation, either by doing something it shouldn't have done, or by failing to do something it should have done. Having considered everything that both parties have said and provided, including listening to the available call recordings between the two parties, I'm not persuaded that test has been met. I'll explain why.

First of all, that circular situation I've described above already existed before the conversations in late 2023, where Barclays was less than clear about what would happen when the mortgage & MCA expired in February 2024. The mortgage and the overdraft were always going to fall due for repayment in February 2024, and the lack of clarity Barclays admitted to in its response to the first complaint was never going to change that.

So, Ms S was never going to be in a position to fund a lease extension from the MCA overdraft, and overall, I think she should reasonably have understood that when she accepted the offer to settle the first complaint. I'm not persuaded that Barclays caused Ms S to believe that, as part of its settlement of the first complaint, it would look more favourably on a re-mortgage application and/or or a reinstatement of the MCA overdraft facility than it would otherwise normally do.

I wouldn't expect any lender to do that. The general position is that no one is entitled to borrow money, and even where a lender has lent before, it isn't obliged to do so again. What a lender is obliged to do is assess any application for credit fairly and consistently in accordance with its lending policy at the time the application is made. In Ms S' case, that general position isn't affected by the existence of, and resolution to, the first complaint.

I've then gone on to consider whether Barclays *did* assess the re-mortgage application fairly and consistently in accordance with its lending policy. Ms S didn't make the application immediately after the resolution of the first complaint in February 2024. The available evidence points to Ms S spending the spring and summer of 2024 looking into other potential avenues and solutions, and waiting to see how an impending change in the law might affect the lease position. During that period, Ms S also sourced funds to pay into the MCA to bring down the overdraft balance.

When the application was made, towards the end of 2024, the overall debt owed to Barclays was lower than it had been, but the lease position remained unchanged. The underwriters took into consideration Ms S' historic good conduct of the mortgage during the contractual term, but ultimately concluded that the shortness of the lease represented too great a lending risk. I can't say that was anything other than a legitimate exercise of commercial judgement.

I've noted what Ms S says in her submissions of 15 December 2025 and 7 January 2026 about the application being turned down for the same reason Barclays had told her in March 2024 would prevent it being agreed. I don't think it was unfair of the bank to take the application and at least consider whether the changed circumstances since the spring might have warranted lending outside its normal policy. Nor do I consider the application was unduly delayed. It seems to me the time taken was more likely down to Barclays' underwriters being thorough in their risk assessment than it was due to being slow or inefficient.

I know this isn't the outcome Ms S wanted. She's in a difficult situation and has my sympathy. But for all the reasons I've explained, I can't find that Barclays' actions were unfair, however unwelcome they might have been.

My final decision

My final decision is that I don't uphold this complaint, or make any order or award against Barclays Bank UK PLC.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 10 February 2026.

Jeff Parrington

Ombudsman