

The complaint

Mr L complains that Barclays Bank UK PLC unfairly reduced the limit of his mortgage current account facility (MCA).

What happened

Mr L has a mortgage with Barclays. The mortgage has an MCA. That is a secured overdraft facility where the limit increases as the main mortgage balance is repaid.

In 2024, Mr L told Barclays he was looking to borrow more money for home improvements. Mr L was told that he couldn't borrow any more because of his circumstances, but he could have any overpayments refunded. Mr L went ahead with that. But that led to the MCA limit being reduced. As a result, Mr L's MCA balance went over the limit and that was recorded on his credit file.

When Mr L complained, Barclays eventually reinstated the previous MCA limit, refunded £435 of interest to the MCA, removed any adverse information related to this matter from his credit file and offered to pay him a total of £700.

Mr L does not consider that Barclays' offer is fair. He wants Barclays to reinstate the balance and the MCA exactly as it was before the overpayments were refunded. He also complains about the service he received and how his complaint was handled.,

The investigator thought that Barclays offer was a fair way to resolve the complaint. He said the MCA limit was higher than when Mr L had the overpayments refunded so that Mr L was not over the agreed MCA limit.

Mr L did not accept what the investigator said. He responded to make a number of points, including:

- Barclays did not tell him that by having the overpayments refunded it would reduce his MCA limit.
- The initial complaint response from Barclays did not sort things out.
- He did not understand why when he complained Barclays asked him what he wanted to put things right – the bank should do the right thing and restore him to the correct position.
- If Barclays had reinstated the MCA limit earlier the balance would have been lower.

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.

It isn't in dispute that Barclays did not treat Mr L fairly. It did not adequately explain that by

refunding the overpayments, Mr L's MCA limit would reduce. And it ought to have known that would mean Mr L was then over the limit. I also accept that the overall service has been poor and that Mr L has been put to additional inconvenience because the initial complaint response did not properly consider his complaint.

What is left for me to decide is what is a fair way to put things right. Usually, we'd look to put Mr L back in the position he would have been in had he been given the correct information and all of the information he needed. The difficulty with that is the correct position is that withdrawing the overpayments would reduce the MCA limit. So Mr L could not have had the overpayments refunded without it impacting his MCA limit.

Overall, I consider what Barclays has already done is a fair way to put things right. It allows Mr L to keep the refunded overpayments, reinstates the MCA limit and refunds some interest that was applied to MCA. I consider that is fair in all the circumstances – and goes further than I might have had Barclays not already made that offer.

While I understand why Mr L wants the MCA limit and balance to be returned to the same position it was in when he withdrew the overpayments, I do not think that would be fair or reasonable. That is because the MCA balance has increased as Barclays has applied interest in line with the terms of mortgage. The MCA limit has been increased to accommodate the balance. That is reasonable – otherwise Mr L would be over the MCA limit. I see no basis to require Barclays to reduce the MCA balance or refund any further interest.

Barclays has already done enough to settle this complaint. It has reinstated the MCA limit and amended Mr L's credit file.

Mr L is concerned that what happened will have an ongoing negative impact on his credit file. But Barclays has removed any negative or adverse information from his credit file that it recorded in relation to this matter. So I can't see that it should affect him in the future.

That leaves compensation for any distress or inconvenience caused to Mr L as a result of this matter. I don't doubt anything Mr L has told us. But ultimately, Barclays put things right and fairly compensated Mr L in February 2025 – around five months after it had made the initial mistake.

Our guidelines say we'd make an award between £300 and £750 where the impact of a business's mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. Typically, the impact lasts over many weeks or months, but it could also be fair to award in this range if a mistake has a serious short-term impact. In all the circumstances, I do not see how I could fairly require Barclays to increase its total offer of £700.

My final decision

My final decision is that Barclays Bank UK PLC should pay Mr L £500 – on top of the £200 it has already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 25 February 2026.

Ken Rose
Ombudsman