

The complaint

Mr and Mrs H complain about how Barclays Bank UK Plc has dealt with them whilst they've been in financial difficulties.

What happened

Mr and Mrs H have a mortgage with Barclays. By November 2024, the mortgage was in significant arrears. Mr and Mrs H asked Barclays to consolidate the arrears, extend the term, and allow them to select a new mortgage rate which they said would make the monthly payments affordable. Barclays didn't agree to this and suggested a new payment plan instead.

Mr and Mrs H say the new payment plan was unaffordable. They complained about this, but Barclays didn't uphold the complaint. So, Mr and Mrs H referred the complaint to our Service.

In March 2025, Barclays instructed solicitors with a view to taking possession of the property. Following our involvement, the legal action was paused. Mr and Mrs H say they've been trying to contact Barclays since, but it hasn't responded.

Our Investigator recommended that Barclays complete a new income and expenditure form to see what Mr and Mrs H could afford, and to explore whether a repayment arrangement could be agreed before taking further legal action. The Investigator also recommended Barclays pay Mr and Mrs H £300 compensation for not responding to them since March 2025.

Mr and Mrs H didn't accept this. They said the compensation was inadequate, that the impact of arrears on their ability to get a new mortgage rate had never been disclosed and that Barclays was still not responding to them.

Barclays accepted the Investigator's opinion but said it had been unable to contact Mr and Mrs H, despite trying to call them.

Our Investigator considered the complaint again. She said Barclays should reconsider what it could do to assist Mr and Mrs H, including the possibility of capitalising the arrears on Mr and Mrs H's mortgage, or extending the term. The Investigator recommended that the compensation be increased to £500.

Our Investigator attempted to mediate an affordable arrangement with Barclays and Mr and Mrs H. Barclays said that whilst it had tried to make agreement with Mr and Mrs H, and had completed a new income and expenditure form, Mr and Mrs H were no longer engaging. Mr and Mrs H said they were trying to be proactive but had not been able to get in touch with Barclays to discuss things further.

As agreement couldn't be reached, the complaint was passed to me to review.

I issued a provisional decision on 4 February 2026. In this, I said:

The original complaint brought to us was that Barclays should've considered capitalisation of the arrears and a term extension at the end of 2024. I agree with our Investigator that Barclays didn't consider all of the options it should've. I'll explain why.

I understand Barclays has policies on when it will capitalise arrears, offer new interest rates or offer other changes to a mortgage. However, when it comes to forbearance of financial difficulties, a lender should sometimes step back and consider whether going outside its normal policies in the short term may benefit a borrower and be appropriate. I've not seen evidence that Barclays did so in this case, and because of this, I believe Barclays was hasty in instructing its solicitors.

Barclays more recently told us in its response to our Investigator's view it would not consider capitalisation of arrears for Mr and Mrs H.

MCOB 13.3.4A lists the options a lender must consider when there is a payment shortfall. These are:

- *Extend the term*
- *Change the repayment type*
- *Waive or defer the monthly payment*
- *Reduce the interest rate*
- *Capitalise any shortfall*
- *Make use of any government forbearance initiatives (such as the mortgage charter)*

Given that Barclays has told us it won't consider capitalising then arrears, it's clear that Barclays hasn't considered all the options that the relevant regulations require it to. Whilst it may be that none of these options are suitable for Mr and Mrs H, as whatever is decided will still need to be in their best interest, Barclays should at least consider these options, and at this stage, I'm not persuaded it has done.

Things have moved on since the complaint was referred to us. Our Investigator has tried to bring the two parties together to agree an amount that is affordable to Mr and Mrs H in both the short and long term. It seems that both sides were close to an agreement in terms of a monthly payment and budget. But, since then, Barclays says it's not been able to speak with Mr and Mrs H, while Mr and Mrs H say they've tried to get in touch with Barclays and failed.

I've seen contact notes that show Barclays has tried to reach Mr and Mrs H. Whilst I accept that Mr and Mrs H have on occasion tried to get in touch with Barclays, I'm not persuaded that they've been as proactive as they could and should've been. Given the level of arrears and seriousness of the situation, I think Mr and Mrs H need to be doing all they can to agree an arrangement with Barclays. Whilst not meaning to sound unkind, and in the knowledge that they are going through a lot, I think Mr and Mrs H need to take further action to agree a way forward with Barclays.

Whilst Mr and Mrs H have emphasised, they've been making payments to show willing, these payments are well below the minimum amount that is currently due. And I've seen that Mr and Mrs H have missed payments in a number of months completely within the last year. They've explained the reasons for this including telling us that they've withheld payments due to this complaint. Whilst that may be the case, under the mortgage contract Mr and Mrs H are required to maintain the monthly payments. And they've not shown they are able to do so. This will of course have an impact on Barclays' assessment of whether they can afford to maintain the mortgage in the long term, even if an arrangement is made.

Ultimately, Barclays has to be satisfied that any agreement it makes with Mr and Mrs H is affordable in the long term, not just now. And assessing this is a matter for the Barclays.

Whilst it must consider all options available, and repossession must be a last resort, any agreement must be in Mr and Mrs H's best interests.

It's possible that there may be no way of agreeing a repayment plan and that repossession action may need to recommence. But, before this, I think Barclays and Mr and Mrs H should consider all possible options set out above to see if it can agree an amicable repayment plan. If not, Barclays will need to clearly explain to Mr and Mrs H what it has concluded is now in their best interests and why. Mr and Mrs H will need to cooperate with this, including making themselves available to discuss the matter, and likely providing an up to date income and expenditure form.

I'd remind Mr and Mrs H that the repayment plan needs to be something that their budget demonstrates they can afford, not an amount they'd like to pay. And they may need to be flexible, as Barclays will.

Given the difficulty the two sides have had in contacting each other, with each blaming the other, I'm also minded to tell Barclays to provide Mr and Mrs H with a named contact and a direct line to them.

Our Investigator suggested £500 compensation for the impact this has had on Mr and Mrs H. They've shared details of the impact this has had on them, specifically in regard to their mental health. I thank them for sharing this and won't set out the specific detail here in order to respect their privacy. Whilst it's clear that Mr and Mrs H have been through a very difficult period, a lot of this has been caused by factors other than Barclays, including ill health within the family, and Mr H's business being impacted by the Covid-19 pandemic. I can only compensate them for the impact Barclays has caused. Barclays should've considered other options for Mr and Mrs H sooner than it did. Whilst the outcome may have ultimately been that same, I think passing the account the legal team before it had done so has caused Mr and Mrs H distress. Having thought about this, I'm satisfied that £500 compensation is fair in the circumstances.

Part of Mr and Mrs H original complaint is that they were never told that they wouldn't be eligible for a new product whilst the mortgage was in arrears. I wouldn't expect a business to make consumers aware of this unless it becomes relevant. And it wasn't relevant until they were in arrears and wanted to apply for a new rate. Whilst Mr and Mrs H have said they would've made all efforts to clear the arrears had they understood the impact it would have, given the level the arrears stood at when their fixed rate came to an end, I'm not persuaded that would've been able to avoid the arrears or act differently. It's reasonable for Barclays to assume that people will only be in arrears on their mortgage if they have no other options. So, I don't think this is something that Barclays was required to proactively inform Mr and Mrs H about.

Finally, Mr and Mrs H have complained about the impact on their credit file. Ultimately, they've been in significant arrears on their mortgage and have continued to fail to make full payments as recently as December of 2025. Lenders are required to accurately report the status of mortgages, and I'm satisfied that's what Barclays has done.

In summary, I'm currently minded to tell Barclays to provide Mr and Mrs H with a named contact who will get in touch with them directly to explore all options available that might help them get their mortgage back on track. I'm also intending to tell Barclays to pay £500 compensation for not considering all the options it should've when Mr and Mrs H first sought help.

I don't intend to provide a direction on exactly what Barclays should or shouldn't agree with Mr and Mrs H, as this will be a matter for its judgement, based on what I've said above. If,

after reviewing the matter with Barclays, agreement cannot be reached and Mr and Mrs H are unhappy about this, then they would need to raise this as a new complaint.

I invited both parties to respond to my provisional decision.

Mr and Mrs H responded saying they didn't think the provisional decision reflected the extent to which they had tried to communicate with Barclays, they stressed the impact this matter had had on them, and they said they were concerned with the amount the arrears had increased whilst they were trying to find affordable solutions.

Barclays responded saying it had considered capitalisation but this wasn't appropriate given the payment history and level of arrears. Barclays said giving a named contact with a direct dial would be problematic from an operational point of view, but it did agree to give Mr and Mrs H a named contact. Barclays agreed with the compensation of £500.

The complaint has now been passed back to me to make a final decision.

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.

Having done so, I find myself coming to the same outcome generally that I set out within my provisional decision. The provisional decision findings are set out above and should be taken as part of this final decision.

Mr and Mrs H have said that their attempts to engage with Barclays haven't been fully understood. Mr H referenced a number of letters he'd written to Barclays. I accept he had written to Barclays but given the level of arrears and seriousness of the situation, but I don't consider dealing with the matter by post is realistic or sustainable.

Barclays has agreed to give Mr and Mrs H a named contact who will reach out to them by telephone to discuss this matter. I agree that telephone is the best way for Mr and Mrs H and Barclays to communicate to try to reach an agreement on the arrears. Barclays has said this person will reach out directly to Mr and Mrs H, and on that basis, I won't require it to give them a direct dial for this individual.

Mr H also said he'd completed three income and expenditure forms with Barclays. Again, I can see they have done this. However, the information on the income and expenditure forms from Mr and Mrs H changed each time. As I explained, if an agreement can be reached, it needs to be based on what Mr and Mrs H are able to afford, not what they want to pay. So, Mr and Mrs H need to be open about this with Barclays providing accurate figures. Mr and Mrs H could provide bank statements to support their income and expenditure.

I've thought again about the level of compensation I suggested. Whilst I recognise Mr and Mrs H have been through a lot, not all of this is caused by Barclays. Their situation is in part caused by their unfortunate financial situation, which isn't the fault of Barclays. I remain satisfied that £500 is fair and reasonable in the circumstances to compensate for the actions of Barclays.

Putting things right

Barclays must provide Mr and Mrs H with a named contact who will get in touch with them directly to explore all options available that might help them get their mortgage back on track.

Barclays should also pay £500 compensation for the distress and inconvenience this matter has caused.

My final decision

I uphold this complaint and direct Barclays Bank UK PLC to put matters right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 20 March 2026.

Rob Deadman
Ombudsman