

## **complaint**

Mr B complains that Barclays Bank Plc ("Barclays") allowed him to continue his mortgage with no repayment vehicle in place for the majority of his mortgage term. Barclays is now requesting that the mortgage debt is repaid. To settle this dispute Mr B has asked Barclays to clear his mortgage debt.

## **background**

Mr B, along with his late father, applied for a mortgage with Barclays in 1988. Mr B has told us that they were advised to take the endowment option despite a limited understanding of how an endowment mortgage operated.

A short time after taking out the endowment policy it was cancelled. Mr B wasn't aware that his late father had cancelled the policy, and he is now left without a repayment vehicle in place to repay the capital part of the loan.

Mr B complained to Barclays and Barclays didn't uphold his complaint. Mr B brought his complaint to this service.

Our adjudicator explained to Mr B why she did not think that his complaint should succeed. Mr B did not agree with this and asked for an ombudsman to review the case.

It now falls to me to make a final decision on this complaint.

## **my findings**

Because I appreciate the distress and difficulty that this situation is causing Mr B I have reviewed all the evidence and what Mr B and Barclays have told us with great care. But having done so, I am afraid I must disappoint Mr B. I do not uphold his complaint and for much the same reasons as the adjudicator explained in her view of April 2015.

Given that this sale took place over 25 years ago, there is limited paperwork available from the time, and much of it is hard to read. I do not find this surprising or unreasonable. But I have been provided with a copy of the application form completed by Mr B and his late father in 1988. Two options were presented – either a repayment or an endowment mortgage. The endowment mortgage had been chosen.

I have then looked at the terms and conditions of this particular mortgage. I think that although this mortgage was applied for as an "endowment mortgage", the terms and conditions make it clear that the monthly payment would cover only the interest on the loan.

Given the passage of time I can't say now what was discussed during the meeting between Barclays and Mr B and his late father. But I think it is more likely than not that Mr B and his father would have been told that the endowment mortgage would operate on an interest only basis and that repayment of the capital would be required at the end of the term. The terms and conditions make this clear and I think Barclays would have explained this to them at the time.

I can see that Barclays provided Mr B's father with an annual mortgage statement which showed each year how much money was still outstanding on this mortgage. I think that

would also have made him realise that he had bought an interest-only, rather than repayment mortgage.

I appreciate that Mr B feels that Barclays had a duty of care to him and his late father because he feels it would have realised – before Mr B did – that there was no repayment vehicle for the mortgage. But, as our adjudicator said, it was the duty of the endowment policy holder, not the bank, to ensure that a suitable repayment vehicle was in place for an interest only mortgage.

Even if Barclays had chosen to contact Mr B's father to warn him of the consequences of having no repayment vehicle in place, I have no reason to believe that it would have made any difference. I explained above why I think that Mr B's father would have been told that this was an interest only mortgage and that there needed to be a repayment vehicle for the capital sum borrowed. As Mr B's father still chose to stop his repayments into the endowment, I have no reason to assume he would have responded any differently to a further warning from Barclays about his ability to repay the capital.

Also, it would have been possible that when Mr B's father cancelled the original endowment policy, he set up an alternative form of saving elsewhere. This was not something that Barclays could ever have known about or been accountable for.

I appreciate that his late father's actions have left Mr B in a very difficult position as the interest only mortgage comes to the end of its term. But I cannot, in fairness, find that Barclays is in any way to blame for that situation.

While I realise how upsetting and frustrating this will be for Mr B, I do not uphold his complaint.

### **my final decision**

My final decision on this case is that I do not uphold Mr B's complaint. I make no award against Barclays Bank Plc.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr B to accept or reject my decision before 8 February 2016.

Roxy Boyce  
**ombudsman**