

complaint

Mr P's complaint is about the way Barclays Bank Plc sought repayment of a mortgage when the term came to an end. In particular, he's unhappy that it declined his request to extend the mortgage term and that it 'hounded' him for repayment.

Mr P is also unhappy that correspondence relating to the mortgage was sent to an incorrect address.

background

The term of Mr P's interest only mortgage with Barclays came to an end in May 2015. He was trying to sell the property to repay the outstanding balance, but hadn't been able to do this in time to repay the balance when it fell due.

Barclays allowed Mr P a further 12 months to try to sell the property and repay the mortgage. But unfortunately, while he received some offers, he wasn't able to complete a sale. Barclays subsequently took steps to try to recover the debt. And it declined Mr P's request for a formal extension of the mortgage term.

Mr P complained. He said Barclays was pushing him into accepting a reduced sale price. He wanted it to allow him time to agree a sale without any further recovery action. He also complained that correspondence had been incorrectly addressed, ending up at his neighbour's home instead – causing him further distress. And he said he'd given authority for Barclays to speak to a third party about these matters, but Barclays said it hadn't received this.

Barclays said it had already agreed a 12-month period to allow a sale, and had only been in contact with Mr P to try to get updates on how that was progressing. And it hadn't agreed a further extension as there wasn't a completion date for the sale of the property. But it said it would consider an application for this if Mr P completed an income and expenditure assessment. So it didn't think it had done anything wrong in this respect.

On the correspondence that had ended up with a neighbour, Barclays said it had written to the address that was provided within the original application form. So it didn't think it had done anything wrong. But it updated the correspondence address it held on file, and paid Mr P £100 for any distress and inconvenience caused.

Mr P then referred his complaint to us. On review, Barclays acknowledged that it did have letters of authority for the third party. But it said its systems had changed, meaning that these wouldn't have been sufficient. As it hadn't communicated this to Mr P it offered him a further £150 compensation for the trouble and upset this caused.

One of our adjudicators reviewed Mr P's complaint. She thought Barclays had been understanding of Mr P's situation and taken reasonable steps to try to find a solution. And she thought that the compensation it had already offered for the administrative errors was fair. So she didn't think it needed to do anything more.

Mr P still thought Barclays had acted unfairly. He said it had put him under pressure to sell, despite the fact he was keeping it informed of progress and maintaining the monthly interest payments. As Mr P didn't accept our adjudicator's view, his complaint was passed to me to review.

my findings

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

Both parties agreed at the outset that the mortgage would be repaid in full at the end of the term by selling the property. So it wasn't unreasonable for Barclays to have sought repayment when the term expired in May 2015. But I appreciate the position Mr P found himself in at that time. He was trying to sell the property, but some factors outside of his control affected his ability to do that. In particular, I note that he had agreed a sale on more than one occasion, only to see it to fall through. I understand the property has now been sold.

I would've expected Barclays to have treated Mr P sympathetically during this time. But that doesn't necessarily mean agreeing a term extension. And although it didn't agree a formal 'term extension', it did suspend recovery action for 12 months initially – giving Mr P some breathing space to try to agree a sale himself. Further shorter suspensions on recovery action were also agreed subsequently. With no confirmation that a sale was definitely going to be completed, and having already given Mr P a reasonable additional period to repay the mortgage, I don't think it was unfair for Barclays to decline his request for a term extension.

With no sale completed by late 2016 – some 18 months after the mortgage term had expired – Barclays took steps to recover the debt, which included advising Mr P of possible legal action. I understand this would've been stressful for Mr P, and I think he was taking sensible steps himself while also continuing to keep up with the monthly payments. But I don't think it was unreasonable in the circumstances, or amounted to unfair pressure. And so I don't think it's Barclays' fault that Mr P wasn't able to obtain the sale price he'd been hoping for.

Mr P is also unhappy with the way Barclays contacted him about the outstanding debt, which I'm sorry to see made him feel "abused and hounded". I don't doubt that receiving phone calls and correspondence on this topic, with warnings of your property being at risk and the threat of possession proceedings, will have given Mr P cause for concern. And I'm sure he felt he was doing all he could to resolve the situation. But I think Barclays was entitled to try to discuss the matter with him, especially as there wasn't a clear plan or timeline in place for the mortgage to be repaid. And Mr P hasn't pointed to anything more specific that leads me to think Barclays communicated with him unreasonably or unsuitably. So his comments aren't enough for me to say Barclays did anything wrong in this respect.

Clearly Mr P was also upset to find out that some correspondence about his account had been delivered to his neighbour's address. But as Barclays says its records were in line with the documentation that was completed when the mortgage was set up, I don't think I can say it did anything wrong. In any event, once it was notified of this issue it updated its systems and paid Mr P compensation of £100 – which was a fair way to put right any error in this regard.

I can see that Barclays made an error in saying it didn't have authority to speak with a third party on the account when in fact it did. This was compounded by the fact that a new process was introduced requiring authority to be provided in a different way, and this wasn't explained to Mr P at the time. But I'm pleased that it's already recognised the unnecessary aggravation this would've caused Mr P by offering to pay him compensation of £150. That seems a fair way to put things right, so I don't require it to do anything more.

my final decision

For the reasons set out above, I uphold Mr P's complaint in part and require it to pay him compensation of £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 20 July 2017.

Ben Jennings
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