

complaint

Mr and Mrs F complain that Barclays Bank Plc (trading as the Woolwich) hasn't treated them fairly and sympathetically to help them find a way to pay off the outstanding debt at the end of their mortgage.

background

Mr and Mrs F had a residential mortgage with the Woolwich which included a mortgage current account (MCA) facility. This allowed them to borrow money on the current account over the lifetime of their mortgage while they were paying off the mortgage. Their mortgage term ended in 2012, but when the mortgage ended, they still had a debt of over £70,000 on the MCA. Barclays asked them to pay off this debt at the end of the mortgage but they didn't have the funds to do that in a lump sum.

Mr and Mrs F have a family business and their business banking was also with Barclays. They say that, when they ran into financial difficulties with their business, they spoke to a business adviser at Barclays for advice. He told them he couldn't give them a business loan but it seems he did suggest that, because they had the MCA facility on their residential mortgage, they could borrow against that to help out the business.

Mr and Mrs F said the adviser told them they'd be able to carry on paying off the MCA on a monthly basis at the end of the mortgage as they'd been paying off the mortgage to date. But when the mortgage came to an end, Barclays asked them to pay off the MCA in full. Mr and Mrs F tried to discuss ways to pay off the debt. Barclays considered offering a business loan but wasn't able to. They got an offer from another lender for a business loan which would have given them enough money to clear the debt but that offer lapsed. They tried to make monthly payments to clear the MCA but it seems that these were returned because they were made to the old mortgage account not the MCA. Barclays has asked for details of Mr and Mrs F's income and expenditure to consider other lending but they say they can't provide this because these figures are run through the business rather than for them directly.

Having been unable to find a solution, Mr and Mrs F complained to Barclays. Because they are suffering from serious health problems and were finding it difficult to cope, they are represented by their daughter Mrs G. Barclays rejected their complaint. It said that it hadn't done anything wrong and that it was willing to discuss ways of repaying the debt if Mr and Mrs F can provide evidence of their income and expenditure. Because there was still no solution to their problem, Mr and Mrs F brought their complaint to this service with the help of Mrs G. The adjudicator investigating the complaint thought it should be upheld in part because of delays in Barclays responding to requests and complaint handling. Barclays offered a total of £250 for this. The adjudicator also tried to mediate a solution for the repayment of the debt but this wasn't possible. Mr and Mrs F didn't feel this resolved their problems and asked for an ombudsman to review their complaint.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I issued a provisional decision on this complaint indicating that I thought it should be upheld. Mr and Mrs F and Barclays have both responded to my provisional decision accepting the reasoning but asking for clarification on some points. As a result of this, the substance of my decision hasn't changed and I have set it out below with clarifications on some practical aspects of the redress.

It seems to me that the main reason for Mr and Mrs F having borrowed so much on the MCA was because they needed money to prop up their business and this was the solution suggested by their Barclays' adviser. The adviser says that he would've made it clear that the MCA needed to be paid off at the end of the mortgage, but this isn't Mr and Mrs F's recollection.

I'm inclined to believe Mr and Mrs F that this wasn't clear and the impression given was that they'd be able to carry on paying off the MCA as they had their mortgage. I recognise that the need to pay the MCA at the end of the term is mentioned in the annual statements, but I think it's reasonable for Mr and Mrs F to rely on the advice they understood they'd been given. Mr and Mrs F did get an offer for a business loan to try to pay off the MCA once they realised they'd have to pay the full amount. In my view, if they'd been properly alerted by the business adviser or given clear information before the mortgage matured, they would have been able to make a similar arrangement before the end of the mortgage term. It seems this offer was eventually withdrawn because of the marker on their credit file caused by the outstanding MCA. If they'd been able to make arrangements in time, I find it likely they would have been able to secure the finance as their credit rating wouldn't have been affected by non-payment of the MCA.

Barclays delayed in providing details about Mr and Mrs F's accounts for the other potential lender. It says it didn't receive any queries direct from the other lender although Mrs G has the impression that Barclays refused to communicate. I've looked at all the evidence on this including evidence from the other lender and I can't see that Barclays was responsible for the other loan lapsing. I do however think the significant delays in providing information must have caused Mr and Mrs F a great deal of distress while they were trying to sort out a difficult situation while suffering from serious ill health.

Mr and Mrs F wanted to continue paying the MCA on a monthly basis as they'd been paying the mortgage but I understand Barclays couldn't accept this proposition. It seems this was primarily because it would take more than 10 years to pay off the mortgage in this way and this would take Mr and Mrs F beyond the age of 70 which is Barclays' age limit for lending. In the circumstances of this case, with an outstanding debt and no realistic proposition for paying it off in a lump sum, it seems to me utterly unreasonable for Barclays to refuse to consider this option purely because of Mr and Mrs F's age. The debt is secured on their home and they have indicated a willingness to pay it off. In these circumstances, I think Barclays should be more sympathetic and realistic about their options.

Barclays has explained to us that Mr and Mrs F's regular payments would have been discontinued when the mortgage term expired as the direct debit would be cancelled. It seems that payments to the MCA would have had to be set up differently. It is now three years since the mortgage term expired and Mr and Mrs F have been trying to find ways to solve this problem. I can't understand why this wasn't discussed with them earlier so that they could've started to make payments to the MCA while a long term solution was found.
redress

Mr and Mrs F's debt has continued to grow since the mortgage ended because no agreement has been reached about how to pay it off in the last three years. The length of time this has been going on for and the way Mr and Mrs F's finances and property are linked to their business makes it complicated to put things right. I requested concrete workable proposals from Barclays for Mr and Mrs F to pay off the MCA with monthly instalments in my provisional decision. Barclays has told me it's willing to follow the spirit of the decision but that, as Mr and Mrs F haven't yet provided income and expenditure details, it hasn't been

able to put forward a proposal. I think this is reasonable and would urge Mr and Mrs F to engage with Barclays and provide the required information as soon as possible. Without this, I fear Barclays won't be able to offer a workable solution so the order to provide a workable solution is subject to Mr and Mrs F providing this.

I can see why Mr and Mrs F feel an income and expenditure form wouldn't properly reflect their income and outgoings because of the way things are tied in to the business. But Mrs G on behalf of Mr and Mrs F will need to engage with Barclays to agree an affordable repayment plan. In order for Barclays to assess the affordability of any proposal, Mr and Mrs F will first need to provide a breakdown of their income and expenditure. Barclays should provide them with a dedicated contact point who understands the situation and is able to provide creative solutions. Mr and Mrs F may wish to discuss how to fill in their income and expenditure form with this contact point.

I can see that Mr and Mrs F want to honour their debt and are keen to pay off the MCA in monthly instalments. I don't think their age should be a consideration for Barclays in suggesting a reasonable repayment plan in these circumstances. The MCA debt is really a debt taken on for business purposes on the advice of a Barclays' adviser. Mr and Mrs F's ability to pay the debt is linked to the family business. Therefore it may be appropriate for a workable solution to be put forward that is directly linked to the business rather than to Mr and Mrs F personally.

Mrs G, in her response to my provisional decision, has asked for the credit marker relating to non-payment of the MCA to be removed from Mr and Mrs F's file. Barclays is obliged to make sure that the information it provides to credit reference agencies accurately reflects the situation. In my view, therefore, Barclays should ensure that any references to the MCA debt on Mr and Mrs F's credit file accurately reflect the situation.

This problem has now been ongoing for three years. Mr and Mrs F are elderly and suffering from severe ill health. This is clearly putting a lot of strain on them and their family. I don't think Barclays has taken sufficient care of their situation or recognised the need to treat them sympathetically in their financial difficulties. I believe this has caused a great deal of distress to Mr and Mrs F who clearly want to find a workable way to repay their debts. In all the circumstances of this case, I believe that Barclays should pay Mr and Mrs F £750 for the upset and difficulties it's caused them.

my final decision

For the reasons given above, it's my final decision that this complaint is upheld.

Subject to Mr and Mrs F providing a breakdown of their income and expenditure, Barclays Bank Plc should put forward an affordable method of payment in instalments without taking into account Mr and Mrs F's age. In addition, it should:

- provide a dedicated contact point for Mr and Mrs F;
- pay Mr and Mrs F £750 for the trouble and upset it has caused them;
- ensure that their credit file accurately reflects their situation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs F to accept or reject my decision before 17 December 2015.

Susie Alegre
ombudsman