

complaint

Miss G complains that Barclays Bank Plc mismanaged the sale of her business property, meaning the sale proceeds weren't enough to clear her debts. She asks that Barclays writes off the balance of her loan.

background

Miss G had a commercial mortgage from Barclays, secured on her business premises. She says Barclays prevented the sale of the property for £260,000, which would have allowed her to repay the commercial mortgage and her other debts. Barclays appointed a receiver and the property was sold for £180,000. This left Miss G liable to pay a shortfall. Miss G also complains that Barclays didn't intervene when an estate agent tried to bully her into accepting a lower offer. She says the receiver didn't keep her updated about the sale.

The adjudicator didn't recommend that the complaint should be upheld, saying:

- Barclays sent a formal demand in October 2013 asking Miss G to repay the outstanding loan balance of about £235,000. It was entitled to seek repayment of the debt and acted fairly in allowing Miss G time to try and sell the property.
- Miss G accepted an offer of £235,000 in February 2014 but didn't complete the sale. While she says the estate agent bullied and harassed her to complete the sale, the agent was appointed by her and wasn't Barclays responsibility.
- After changing estate agents, Miss G accepted an offer of £260,000 in May 2014. This sale didn't complete as the property valuation was lower than the offer price.
- The potential purchaser was also a customer of Barclays. Barclays was entitled to have systems in place to prevent conflicts of interest. Its recoveries group couldn't contact its lending department to try to increase the valuation.
- Barclays told Miss G if she accepted the offer of £235,000 it would accept the net sale proceeds in full and final settlement of the loan. If no settlement was agreed, it said it would take action to recover the debt, including appointing a receiver.
- Barclays appointed a receiver in October 2014. We can't look into the actions of the receiver.

Miss G didn't agree. She said Barclays didn't allow the property to be revalued from £235,000, despite rising property prices. The higher offers she received showed the property was worth more. She says Barclays took a dogmatic approach on a phone call where a local councillor was present, refusing to contact its lending group about the valuation. She asks that the councillor and a number of third parties are interviewed rather than rely on Barclays' version of events.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other

words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

I've considered Miss G's request that I interview third parties. Having done so, I find I already have sufficient evidence to make a decision.

I understand Miss G has been under considerable stress and has been unwell. While I sympathise with Miss G's situation, I must consider here whether Barclays acted fairly and reasonably in its dealing with her. In doing so, I've taken into account the following:

- Barclays is entitled to take steps to recover the debt owed to it. It sent a formal demand in October 2013 asking Miss G to repay the outstanding loan. At that time the debt was just under £235,000, with interest accruing.
- Barclays allowed Miss G time to try and sell the property before taking further steps to recover the debt. I think this was fair and reasonable.
- Miss G received an offer to rent the property. Barclays had asked for the debt to be repaid and renting the property wouldn't have achieved this in the short term. It wasn't obliged to let her rent out the property instead of selling it to repay the debt.
- Barclays said it would accept the net proceeds of sale of the property at £235,000 in full and final settlement of the debt. It made the offer in February 2014 and in July 2014. I think this was fair and reasonable. Ms B chose not to accept offers at £235,000.
- I'm not persuaded Barclays prevented the sale of the property at a higher price. While an offer was received for £260,000 in May 2014, the property was valued at £235,000. The buyer didn't proceed. Another offer at £255,000 didn't proceed.
- A potential buyer was also a customer of Barclays. While Miss G says Barclays' recoveries group should have spoken to its lending group to get the property valuation increased, I don't find this reasonable. Barclays explained to Miss G that it has systems in place to protect customers from conflicts of interest.
- Barclays was entitled to make a commercial decision whether to lend to a potential buyer. It wasn't obliged to offer a loan to a buyer to enable it to buy Miss G's property at the price she wanted.
- In October 2014 the property still hadn't been sold and Barclays appointed a receiver. I don't think it acted unreasonably. I think it had allowed Miss G sufficient time to try to sell the property herself.
- The property was sold in May 2015 for £180,000. Barclays is entitled to ask Miss G to pay the shortfall.

I think Barclays acted fairly and reasonably here. It allowed Miss G nearly 12 months to sell the property herself. It also offered to accept the net proceeds of a sale at £235,000 in full and final settlement of the loan. It was Miss G's choice to reject offers of £235,000 in the hope of getting a higher price. I don't think it's fair and reasonable to require Barclays to write off the loan balance.

Miss G appointed three sets of estate agents. I appreciate that she found the behaviour of one agent upsetting, but I don't think Barclays had a duty to resolve any dispute between Miss G and the agents she appointed.

Miss G is unhappy about the amount that the receiver sold the property for and its failure to communicate with her. I can't look into the actions of the receiver. Miss G should raise these concerns with the receiver.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 28 November 2016.

Ruth Stevenson
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