

The complaint

Mr G complains that Barclays Bank UK PLC kept giving him incorrect information about the dates when an early repayment charge (ERC) would apply to his mortgage and it has prevented him making an overpayment of 10% of the mortgage balance.

What happened

In 2018, Mr G took out a buy-to-let mortgage with Barclays. The mortgage had an ERC that applied if the mortgage was repaid on or before 30 July 2021. The terms of the mortgage allowed Mr G to make a capital reduction of 10% of the balance each year.

In 2019, Barclays sent Mr G an annual mortgage statement, which said (incorrectly) that the ERC would cease to apply on 31 July 2023. When Mr G complained, Barclays confirmed that the date on the statement was wrong and paid Mr G £250 for the inconvenience caused.

In 2020, Barclays sent Mr G paperwork, including an annual mortgage statement, which again incorrectly stated that the ERC will cease to apply on 31 July 2023.

Mr G complains that Barclays has given him incorrect information about the ERC. And despite acknowledging the error it made in 2019, it went on to repeat that mistake after that. Mr G said that Barclays has failed to communicate with him in a reasonable way. He also said that he was prevented from making the overpayments as he was entitled to in 2021. Mr G repaid the mortgage in 2021.

I issued a provisional decision. My provisional findings were (and which form part of this decision):

ERC

This complaint is about events after Barclays final response of 21 January 2020. Mr G has accepted the offer of £250 to reflect the distress and inconvenience that matter caused him – but for the avoidance of doubt I consider that is a fair offer. I am looking at events after that.

I can see that Barclays issued paperwork that stated that an ERC would apply until an incorrect date after it had told Mr G that it had resolved that issue. I can understand Mr G's frustration that Barclays had not resolved the problem as he was led to believe. That would have caused him some distress.

On the other hand, he knew that Barclays had already accepted in writing what the correct date was. I consider this makes a difference – it is less likely that Barclays were going to hold Mr G to the incorrect date. It was simply a repeat of the earlier administrative error, which it had already accepted. In saying that, I know that it will have caused Mr G some worry that Barclays could make the same mistake again and in not confirming that it had made a mistake over a period of over a year along with the stress of sorting it out. Mr G has told us that dealing with this matter has made him miserable.

Mr G has also been caused additional inconvenience because of Barclays' error. He spent time trying to sort this matter out and Barclays made that difficult and meant that he had to spend more time on attempting to get Barclays to resolve its error.

I've thought carefully about what Mr G has told us. I accept the difficulty he experienced in attempting to get Barclays put right its mistake. After looking at what happened and carefully considering what Mr G has told us about the impact of this matter on him, I consider it would be fair for Barclays to pay him £350 to reflect that.

Overpayment

Mr G has told us that he attempted unsuccessfully to make the 10% overpayment he was entitled to in 2021. Barclays has agreed to refund the interest Mr G paid because he was unable to make the overpayment. It has also offered £150 for the distress and inconvenience that m bearing in mind that the loss was around £200.

I proposed that Barclays should pay Mr G:

- £238.32 – the additional interest he had to pay because he was unable to make an overpayment.
- £500 – for the distress and inconvenience caused by giving Mr G incorrect information about the date the ERC would apply to and in arranging to make the overpayment. That is in addition to £250, which I understand has already been paid in relation to the errors before January 2020.

Barclays accepted my provisional findings. Mr G did not. He made a number of points, including:

- He complained about the discrepancy on the mortgage on 15 November 2019. Barclays responded on 21 January 2020. The matter lasted just over 66 days and he received £250 compensation, without any third parties getting involved.
- Barclays made the same mistake in the March 2020 mortgage statement. It should have apologised and put it right. But there was no response to his repeated emails and phone calls were not properly dealt with.
- As the ERC expiry date was approaching, he contacted the bank again, without any success. He also visited a branch. This caused Mr G distress, inconvenience, pain and suffering.
- When we were involved Barclays ignored our letters and did not respond on time. There is evidence of a culture of avoidance in Barclays' business practices.
- Being given incorrect information about the ERC was the least of his worries. Had things been sorted out when he first referred his complaint to us, then my proposed compensation would have been "right".
- He referred to information on our website about the level of compensation we award – and felt that an award of over £750 up to £1,500 reflected the distress, upset, worry or humiliation he had been caused.
- Declining phone calls, not replying to his complaints and refusal to put right incorrect documentation are "dishonesty by omission". Even until the last days before the ERC expired Barclays didn't correct the ERC date. Barclays "practised this deliberately as a defeat mechanism."

- Barclays has a duty of care to its customers and should be transparent in its dealings. If the negligence of the bank has caused emotional distress then he is entitled to claim compensation.

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.

It isn't in dispute that Barclays hasn't treated Mr G fairly or reasonably. I can't punish Barclays for its mistakes or tell it to change the way it acts. I can only tell it to put things right. It has already offered to compensate Mr G for any financial loss. I am also able to tell Barclays to compensate Mr G for any distress and inconvenience and/or pain and suffering. I agree that Barclays should compensate Mr G where he has suffered any of those things as a result of its mistakes. It is for me to determine what I consider to be fair and reasonable in the individual circumstances of this complaint. Having done so, I still consider £500 is a fair amount to compensate Mr G for any distress and inconvenience.

I've looked carefully at all of the evidence we have including what Mr G has told us. I don't consider that the evidence we have supports that Barclays' acts and omissions caused Mr G pain or suffering. I accept that it will have caused upset and worry when it sent him incorrect information on the number of occasions it did – mitigated to some extent by the fact that it was the same mistake Barclays had made earlier and Mr G said he understood it to be a typographical error. I also accept it would have caused Mr G to lose trust in Barclays and worry that there might be other mistakes Barclays was making. He shouldn't have had to worry about that. That worry was ongoing until the mortgage was repaid- and was added to by him being unable to make the overpayment he was entitled to. So I consider that Barclays actions have caused Mr G distress – and in particular worry and anxiety. Barclays had plenty of opportunity to put that right but did not do so.

I also accept what Mr G has told us about the inconvenience he suffered – and the amount of time he spent trying to put things right. The issue with the incorrect ERC date was ongoing until Mr G repaid his mortgage. It is accepted that Mr G unsuccessfully attempted to sort this out with Barclays on many occasions – including visiting a branch. And he has had to pursue his complaint to his extent.

While Barclays might have offered £250 for its initial error – it doesn't follow that I would have made a similar award had I considered that complaint. I don't consider it is relevant to my determination here.

I think what Mr G has described to us is “*considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. Typically, the impact lasts over many weeks or months.*” Our website says in that scenario we would typically award between £300 and £750. And taking everything into account, I consider that £500 is a fair and reasonable amount to reflect any distress and inconvenience, bearing in mind all of the evidence and what Mr G has told us and in the individual circumstances of this complaint.

My final decision

My final decision is that Barclays Bank UK Plc should pay Mr G:

- £238.32 – the additional interest he had to pay because he was unable to make an overpayment.

- £500 – for the distress and inconvenience caused by giving Mr G incorrect information about the date the ERC would apply to and in arranging to make the overpayment. That is in addition to £250, which I understand has already been paid in relation to the errors before January 2020.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 6 May 2022.

Ken Rose
Ombudsman