

## **The complaint**

Mr and Mrs P have complained about the service they received from Barclays Bank UK PLC trading as Woolwich when the term ended on their mortgage.

## **What happened**

Mr and Mrs P took out this mortgage in 2008. The mortgage offer issued in June 2008 indicates they were borrowing £198,300 on an interest only basis over a 14-year term. The interest rate was Bank of England base rate plus 0.74% for the whole of the mortgage term.

The mortgage term ended in July 2022 with a balance outstanding of around £82,000.

Over the next few months there were conversations between the parties and Mr and Mrs P said they intended to repay the mortgage by selling another property they owned.

Barclays said, for it to allow more time for the property to be sold, it needed certain information and documentation, and the hold would be for up to 12 months and would be reviewed quarterly to ensure matters were progressing.

Unhappy with the service they were receiving Mr and Mrs P raised three separate complaints over the period in question.

Barclays responded to those and in total offered £550 compensation.

Mr and Mrs P didn't accept Barclays' responses and so they referred the matter to our service where it was looked at by one of our Investigators. She said she agreed that the service could have been better and Barclays had acknowledged that. But she felt the total offer of £550 compensation was fair.

Mr and Mrs P didn't agree and so the case has been passed to me to decide.

## **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.

I trust Mr and Mrs P won't take it as a discourtesy that I've condensed their complaint in the way that I have. Although I've read and considered the whole file I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

I purposely haven't mentioned Mr and Mrs P's specific personal circumstances in this decision to protect their privacy, but I can confirm that I have read and understood everything that has been said about that and have taken it into account in reaching my decision. I would like to thank Mr and Mrs P for how open they have been with us. It is clear things haven't been easy for them, and I hope they will accept my best wishes.

I've listened to the calls very carefully and I can hear that on 22 July Mr P was told a hold could potentially be put in place for 12 months, but it would be subject to a quarterly review. He was told information was needed about, and from, the estate agent and the solicitor, and that Mr and Mrs P would need to keep in contact throughout the process. Mr P then completed an income and expenditure assessment that was previously incomplete, and having done so that showed a payment of £2,000 a month was affordable. Mr P said that wasn't sustainable, and Barclays said the figures could be updated if there was anything else Mr and Mrs P wanted to include in their outgoings. It was left that Mr and Mrs P would review their income and expenditure again and come back to Barclays within 30 days with updated figures.

Mr and Mrs P have said they didn't realise it would be so rigid and Barclays would be leaving them with nothing for emergencies or one-off expenditure, but the point of the income and expenditure assessment is to include everything, including a small monthly amount to put aside for emergencies and one-off expenditures.

Mr and Mrs P have said they've never missed any payments to this mortgage, but that isn't correct as they missed the most important payment, the one to repay the balance; their contract was they would repay the entire balance before the end of the mortgage term and they didn't do so. Once they were over the mortgage term they were in breach of their mortgage contract and Barclays would start collections activities, until such time (if ever) that a formal agreement was entered into to hold the account. Barclays could only put that formal hold in place once it received all the information and documentation it needed, and it was satisfied Mr and Mrs P were actively progressing a sale of the other property. It also was within its rights to request that Mr and Mrs P pay as much as they could towards the debt each month to reduce it.

Despite having an income and expenditure assessment Barclays allowed Mr and Mrs P time to come up with some alternative figures so they could reduce the requested monthly payment. I think that is fair treatment by Barclays, and it accepted those revised figures despite it reducing the available money by over £1,000 a month.

Following that updated income and expenditure assessment on 6 August it was agreed that Mr and Mrs P would pay around £860 a month. Barclays said for collections activities to stop the property needed to be on the market. It also needed a letter from Mr and Mrs P giving details of their estate agent and solicitor, giving permission for Barclays to speak to those firms. Finally, it needed a letter from Mr and Mrs P's solicitor to confirm they would repay the mortgage from the property sale proceeds. Barclays said the letter needed to be on the solicitor's letter headed paper, and then could be either emailed or posted to Barclays.

I understand that Mr and Mrs P wanted all the information in writing but I don't think the lack of earlier confirmation in writing from Barclays is the deciding factor here. I say that because on 12 September Mr P told Barclays that they hadn't finalised their solicitor at that time and they'd got some more quotes. And I understand at that time the property still wasn't on the open market as Mr and Mrs P had been talking to their tenants about them possibly purchasing it. So even if Mr and Mrs P weren't clear on all the things they needed to provide, two fundamental points – the instruction of a solicitor and the property being on the market – hadn't been met at that time so the formal hold couldn't have been arranged anyway.

I can see Barclays wrote to Mr and Mrs P on 5 September and 12 September to set out its requirements so, by the time Mr and Mrs P were ready to proceed with a request for a formal hold as they'd put the property on the market and had instructed a solicitor, they had the information in writing of what they needed to provide.

Mr and Mrs P have said their solicitor sent the undertaking by email on 22 September. But what was sent wasn't sufficient. It wasn't on headed paper, and it wasn't even a letter. It was a two-sentence email as part of an email trail between Mr and Mrs P and their solicitor. Barclays was willing to accept receipt of the undertaking by email, but it still needed to be a formal letter on headed paper, that was then attached to an email to be sent. Mr and Mrs P have said Barclays should have notified them that the email wasn't sufficient, but Barclays couldn't do that as there was insufficient information in the email, and even the email trail, to locate Mr and Mrs P's account as the only identifying information was Mr and Mrs P's surname (which isn't an uncommon name). The address that was quoted was the property that was being sold, not the mortgaged property, so Barclays wouldn't be able to locate the account from that. And the account number that was quoted had two digits missing from the middle, so also wouldn't have located the account.

At the heart of this matter Mr and Mrs P wanted a further 12 months to give them time to sell their other property. Whilst it wasn't officially agreed Mr and Mrs P got that time (and more) as I understand the mortgage was redeemed in September 2023; over a year after the mortgage term ended.

Mr and Mrs P have said that it isn't just about compensation, but for Barclays to change the way it deals with customers.

The question for me to resolve in this decision is what Barclays needs to do to put matters right. In order to do that, I'll first set out the basis on which the Financial Ombudsman Service resolves complaints. We're not the regulator – that's the Financial Conduct Authority – and it's not our role to oversee firms' general performance, or to punish them when things go wrong. For that reason what Barclays may or may not do in the future with other customers can have no part of this decision, I can only consider what happened in this individual case between Barclays and Mr and Mrs P.

As the mortgage is now redeemed then there is nothing I need to do there to fairly resolve this complaint. So that just leaves me to decide what award is fair for the distress and inconvenience caused to Mr and Mrs P.

Our website<sup>1</sup> sets out some guidance on awards for distress and inconvenience, and the sorts of awards that might be appropriate for different levels of impact.

I've noted what Mr and Mrs P say about this. This was an already stressful time due to Mr and Mrs P's personal circumstances. They were caused confusion and upset, and struggled to speak to Barclays over the phone. However, set against that I need to keep in mind that Barclays wasn't receiving the information it had asked for and so it wasn't in a position to put the formal hold on the account, and it also had a regulatory responsibility to send certain letters to Mr and Mrs P to warn of the potential consequences of the mortgage debt remaining outstanding without a formal hold on it.

I can see how strongly Mr and Mrs P feel about this and Barclays has acknowledged its service could have been better. I understand there were long wait times to get through on the phone, and Mr and Mrs P struggled to speak to Barclays when they wanted to. Mr and Mrs P have said Barclays was heavy handed and the process lacked transparency. But as I've explained, there are some letters Barclays had to send and statements it needed to make for regulatory reasons. Whilst Mr and Mrs P may feel Barclays was heavy handed they were in breach of their mortgage contract as they hadn't repaid the outstanding balance by

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<sup>1</sup> See <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>

the end of the mortgage term; Barclays had a regulatory duty to warn Mr and Mrs P of the potential consequences of that. Barclays had explained in the calls, and in its letters of 5 and 12 September, what information and documentation it needed, and for its part it hadn't received that.

I've taken into account the guidance on awards set out on our website. The guidance says that an award of more than £300, up to £750, might be appropriate where the impact caused considerable distress and / or significant inconvenience that needs a lot of extra effort to resolve and typically lasts many weeks or months.

Taking that into account, I agree with our Investigator that an award in the band between £300 and £750 is fair compensation in this case. It recognises that Mr and Mrs P were caused considerable distress and significant inconvenience, but it also acknowledges Barclays wasn't entirely at fault for matters taking as long as it did as it hadn't received what it needed. Having considered everything very carefully I'm satisfied the total offer Barclays has already made of £550 is fair compensation in all the circumstances.

### **My final decision**

Barclays Bank UK PLC trading as Woolwich has already made an offer in its final response letters to pay £550 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Barclays Bank UK PLC trading as Woolwich should pay £550 (less any amounts already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs P to accept or reject my decision before 8 April 2024.

Julia Meadows  
**Ombudsman**