

## The complaint

Mrs W and Mr W complain about the way Barclays Bank UK PLC treated them when their mortgage came to an end.

## What happened

Mrs W and Mr W had an offset mortgage linked to a mortgage current account (MCA) with Barclays Bank UK PLC that reached the end of its term in around July 2021. They had an outstanding balance of around £77,000 on the MCA that had to be paid off when the mortgage ended.

Mrs W and Mr W applied to Barclays to re-mortgage the property. Barclays declined their application on grounds, broadly, that they had a commercial property, they wanted to re-mortgage on a residential basis and Barclays didn't offer residential mortgages on commercial properties. Mrs W and Mr W raised a complaint about the re-mortgage application, which Barclays didn't uphold. However, they gave Mrs W and Mr W time to sell the property before taking any action to recover the loan.

Mrs W and Mr W complained Barclays treated them unfairly in relation to the sale. They found it difficult to sell the property. To help with that they'd incurred costs in applying for a change of use from commercial to residential. They'd written to Barclays to let them know but felt Barclays hadn't seemed interested or agreed to their request for a manager to ring them. Mrs W and Mr W said Barclays had sent many threatening letters which had had a significant impact on Mr W's mental health. And they felt forced to sell the property at auction, which led them to lose a significant amount. They said they were now living in rented accommodation as they couldn't afford to buy a replacement property with what they had left once they'd paid Barclays back.

Barclays responded to Mrs W and Mr W's complaint in early May 2023. They said, in summary:

- they'd acted in line with their usual processes;
- when they hadn't been able to get hold of Mrs W and Mr W by phone to discuss things, that triggered letters to be sent;
- they appreciated the wording of their letters could be harsh and were sorry to hear it had affected Mr W's mental health;
- they hadn't got all the letters Mr W said he'd sent them, and it wasn't their usual process for managers to call back;
- they were sorry Mrs W and Mr W had lost money on their property through selling at auction, but they'd given them further time to sell; and
- Mrs W and Mr W knew when the mortgage would come to an end when they took it out.

Since Mrs W and Mr W didn't accept Barclays' response to their complaint, they brought it to

the Financial Ombudsman Service. Our investigator thought Barclays' communication with Mrs W and Mr W was appropriate and he didn't think Barclays had treated them unfairly.

Mrs W and Mr W didn't accept our investigator's view, so their complaint's 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 note Mrs W and Mr W's strength of feeling about what happened. I appreciate their current circumstances aren't what they'd hoped for. And I'm sorry to hear of the impact things have had on Mr W's wellbeing.

To be clear, I'm only considering here Mrs W and Mr W's complaint about the way they feel Barclays treated them when they were taking steps to sell their property. I'm not looking at the previous complaint they raised when Barclays declined their re-mortgage application.

I won't mention all the information the parties have provided in my decision - I'll focus on what I consider to be key. No disrespect is intended by that. It simply reflects the informal nature of the service we provide.

The starting point is that Mrs W and Mr W were obliged to repay the mortgage when it came to an end and Barclays could reasonably expect it to be paid. I'd expect Barclays to have given Mrs W and Mr W time to pay, particularly given the problems the coronavirus pandemic had caused with the property market and the attempts they said they'd already been making to sell. I think Barclays acted reasonably in giving Mrs W and Mr W an initial 12 months to try and sell the property before taking any action to recover their loan.

Barclays explained over the phone and in writing, clearly, what would be required for them to agree the plan to sell the property. That included Mrs W and Mr W providing details of their income and expenditure, giving the estate agents and solicitors they used (the advisers) authority to speak to Barclays direct and Barclays getting regular updates on the progress of the sale.

I think Barclays fairly managed Mrs W and Mr W's expectations about the process. And Barclays' records show they were in regular telephone contact with Mr W to discuss progress. But when they weren't able to contact Mrs W and Mr W or get a progress report from the advisers, they sent standard form letters. The letters said, broadly and amongst other things, that the plan for Mrs W and Mr W to sell the property was no longer agreed since they hadn't provided satisfactory evidence they were trying to sell. And they said that unless Mrs W and Mr W took certain steps, Barclays would take legal action against them. But they also offered help if they kept in contact.

Barclays have explained the letters were triggered when they couldn't get an update on the sale. They've acknowledged the wording was harsh. But, on balance, I don't think the letters were unreasonable. That's because it was fair for Barclays to check Mrs W and Mr W would be able to carry on making their contractual monthly mortgage payments and to know that the property was being actively marketed and that any reasonable offers were being considered; Barclays tried to get updates on progress over the phone from Mrs W and Mr W or from the advisers before they sent the letters out; they'd explained the process clearly at the outset; and they reinstated the agreement for Mrs W and Mr W to continue their marketing of the property once they'd managed to get an update following the letters.

I can see Barclays were also writing to Mrs W and Mr W to let them know of changes to the interest rate on their mortgage. I don't think that was unreasonable. Barclays were obliged to send that information in line with Financial Conduct Authority rules.

Mr W thinks some of the correspondence he sent Barclays went missing. And he was disappointed a manager didn't call him as he'd asked.

Barclays' records suggest Mr W was using an incorrect email for them initially, which might explain why some of his correspondence didn't get to them. There's no evidence any of his letters were lost by Barclays on purpose as he suspects.

Barclays said, broadly, it wasn't part of their process for a manager to speak to Mr W. I appreciate a discussion with a manager may have given him some peace of mind given the impact things were having on his mental health at the time. However, even if Mr W had had the chance of speaking to a manager, on balance, I don't think it would have made a substantive difference to what happened. Barclays discussed the situation with Mr W many times. It's likely the same process for Mrs W and Mr W continuing their efforts to sell the property would have continued. And I don't think the process was unreasonable overall, as I've explained.

I can understand Mrs W and Mr W felt pressure to sell the property since they had to find a way of repaying the outstanding amount. And the sale itself was lengthy and difficult, so I appreciate it was a hard time for them. I understand they had little interest from buyers so decided to take steps to change the property's use. That involved time and expense in making an application to the council.

Even after the application had gone through, Mrs W and Mr W still seem to have had difficulty in attracting buyers. Although they had an offer in August 2022, the sale didn't go ahead then. And by October Mr W was telling Barclays they were planning to sell at auction. But there's nothing to suggest Barclays required Mrs W and Mr W to apply for change of use or that they pressured them to sell the property at auction. Barclays were agreeable to extending the time for selling the property further.

I understand Mrs W and Mr W found the standard letter sent on 13 December particularly upsetting given the property had already been sold at auction and they didn't have enough money to buy a replacement property. I note the mortgage was redeemed a few days later. Barclays understood from what Mr W had told them that the auction was taking place in late November and the sale was expected to complete in December. They'd made attempts to discuss the present position with Mrs W and Mr W on the phone but hadn't been able to speak to them. It was reasonable for Barclays to know the outcome. So, on balance I don't think it was unfair for Barclays to send the letter.

I don't underestimate the stress Mrs W and Mr W felt while they were going through the sale and the difficult situation they are now in. However, bearing everything in mind, for the reasons I've explained, I don't think Barclays acted unreasonably or treated them unfairly overall. Whilst I understand they will be disappointed, I don't uphold Mrs W and Mr W's complaint.

### **My final decision**

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W and Mr W to accept or reject my decision before 21 March 2024.

Julia Wilkinson

**Ombudsman**