

The complaint

Mrs M complains that Barclays Bank UK PLC didn't give her clear information about repaying her mortgage current account reserve balance when she redeemed her mortgage.

What happened

Mrs M had a mortgage with Barclays. She also had a mortgage current account (MCA) with a reserve (in effect, a secured overdraft). Mrs M said she used the reserve but didn't know it had to be repaid at the same time as the mortgage. This came to light when she repaid the mortgage in mid-2023.

Mrs M says the reserve account wasn't correctly included in the redemption statement, and she had to make further payments. She says the £150 offered by Barclays isn't enough for the stress caused.

Our investigator said Barclays had followed the correct process and the redemption statement explained what would happen with the MCA when the mortgage was redeemed.

Mrs M said Barclays hadn't acted in an ethical way and we hadn't understood her complaint. She asked that an ombudsman re-consider the complaint.

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.

Although Mrs M asked to speak to an ombudsman, this isn't part of our usual process. And I don't think it's necessary here. Having read the comments and evidence provided by both parties I'm satisfied I can reach a fair decision.

I've carefully read what Mrs M has told us about her complaint. When she brought the complaint to us, Mrs M said (in summary) she wasn't made aware that the MCA reserve balance had to be repaid at the same time as the mortgage. She said Barclays didn't include the MCA in the redemption statement and, as a result, she had to make further payments which caused her stress. Mrs M says she's unhappy that Barclays didn't tell her interest and charges would accrue after the mortgage was repaid.

Barclays sent a redemption statement dated 16 June 2023 to Mrs M's solicitor. The redemption statement said the total amount to pay was about £106,000, which included the balance of the mortgage account (about £9,000) and the MCA reserve balance (about £97,000). The redemption statement said debit interest accrued on the MCA between the last statement date and the date of redemption would be charged, debited and payable at redemption. It also said it might need to place the MCA in credit at redemption. It said this was to cover pending interest that would be applied at the normal time. It asked that the solicitor ensure Mrs M kept the account in credit to avoid any charges.

Barclays wrote to Mrs M on 30 June 2023. The letter said that on the day the mortgage is

repaid the MCA would become a bank account without an overdraft. It asked that Mrs M keep the MCA in credit to avoid charges.

Mrs M's solicitor made the redemption payment. Mrs M says she had to make two further payments of about £105 and £645. She's unhappy about this as she thought the mortgage had been repaid on 30 June 2023.

I don't think Barclays made an error or treated Mrs M unfairly. I've explained why below.

Barclays sent information to Mrs M about repaying the MCA reserve balance when she repaid the mortgage. For instance, the annual statement for 30 September 2022 set out the amount needed to repay the mortgage, which included the mortgage balance and the MCA reserve balance. The redemption statement set out the amount needed to repay the mortgage and MCA reserve balance. And Barclays wrote to Mrs M at the end of June 2023 saying the MCA would become a bank account without an overdraft and she needed to keep it in credit. I think Barclays made Mrs M aware that the MCA reserve balance had to be repaid at the same time as the mortgage.

Mrs M said she didn't expect interest and charges to accrue after the mortgage was redeemed. I think this is a misunderstanding. The interest that was applied to the MCA in July 2023 had accrued prior to the mortgage being redeemed. It just wasn't applied to the MCA until July 2023. Barclays referred to this in the redemption statement as pending interest, and included it in the redemption statement.

Barclays says it received the right amount to repay the mortgage and MCA reserve. This included an amount to cover pending interest. This showed as a credit on the MCA.

Mrs M withdrew about £1,000 from the MCA in early July 2023. This meant the account became overdrawn when the pending interest was applied. This was the reason Mrs M needed to make a further payment.

Mrs M told us that she found having to make further payments stressful, especially as she was dealing with health and family issues at that time. I'm sorry for this. I appreciate it was frustrating to have to make the further payment when Mrs M thought the matter was dealt with. But this wasn't due to Barclays making an error with the redemption statement. It was due to Mrs M withdrawing money from the MCA before the pending interest was applied.

Barclays offered £150 as an apology for any inconvenience or confusion. I think that's fair and reasonable in the circumstances.

My final decision

My decision is that Barclays Bank UK PLC should pay £150 to Mrs M, as it offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 28 March 2024.

Ruth Stevenson
Ombudsman