

The complaint

Mrs V is unhappy that Barclays Bank UK PLC applied payments that she made to her mortgage incorrectly.

What happened

Mrs V has a mortgage with Barclays that is in three parts. In February 2023, Mrs V made a payment to Barclays which covered all three parts of her mortgage. However, she noticed that Barclays had applied all the payment to one part of the mortgage – overpaying that part – and none of the payment to the other two parts, so that they were in arrears.

Mrs V called Barclays and asked them to redistribute the payment she'd made so that all three of her mortgage parts were up to date. But Barclays explained that no redistribution was necessary and assured Mrs V that all her mortgage parts were correctly paid. However, not long afterwards, Mrs V received a letter from Barclays saying that she was in arrears on two parts of her mortgage. Mrs V wasn't happy about this, so she raised a complaint.

Barclays responded to Mrs V and acknowledged that they'd made a mistake. Barclays redistributed Mrs V's payment so that it covered all three mortgage parts and so that no parts were overpaid or arrears. Barclays also offered to pay £150 to Mrs V as compensation for the trouble and upset that she'd incurred because of their error. Mrs V wasn't satisfied with Barclays response and felt that a larger award of compensation was merited because of what had happened. So, she referred her complaint to this service.

One of our investigators looked at this complaint. But they felt Barclays response to Mrs V's complaint – including the offer of £150 compensation – already represented a reasonable outcome to what had happened. Mrs V disagreed and remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

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.

When a business accepts that it made a mistake – as Barclays have here - this service would generally expect that business to take the corrective action necessary to return their customer to the position they should be in, had the error never occurred. And this service would also generally expect that business to consider whether any compensation should be offered to their affected customer for any trouble or upset that may have occurred because of what happened.

In this instance, I feel that by redistributing the payment that Mrs V made correctly, Barclays have already taken the corrective action needed to return Mrs V's mortgage accounts to the position they should be in. And Barclays have also confirmed that Mrs V hasn't incurred any adverse reporting to her credit file because of the incorrectly distributed payment. As such, I'm satisfied that there is no further corrective action that Barclays should reasonably be instructed to take.

However, it's clear that Mrs V has incurred some frustration and inconvenience because of what happened. Barclays have accepted this also, and they've offered to pay £150 to Mrs V as compensation for that frustration and inconvenience. But Mrs V has said that she doesn't feel Barclays offer in this regard goes far enough, given the impact of what happened on her.

In her correspondence with this service, Mrs V has explained that she initially called about the incorrectly distributed payment on 6 March 2023 and spoke with someone for 35 minutes. Mrs V then called Barclays again on 27 March 2023 to make her March mortgage payment and was again told that everything was okay on her account. Then, after receiving the letter from Barclays that said that she was in arrears on two parts of her mortgage, Mrs V called Barclays for a third time, with this final call lasting nearly an hour.

Mrs V has also explained that the emotional impact of what happened was exacerbated by the fact that she was going through a divorce at that time. Mrs V has also explained that she was having to make manual payments to the mortgage because her ex-husband had cancelled the direct debit that had previously been in place to make the payments.

It's only natural to sympathise with Mrs V given the difficult circumstances she was experiencing, and I've taken this into consideration. However, on reflection, I do feel that the £150 that Barclays have offered here is a fair compensation amount, given what took place.

One reason I've reached this position is because, while Mrs V had to make three calls to Barclays about this issue, she was always going to have to make the second and third calls. This is because Mrs V was making manual payments to her mortgage at that time, and one reason Mrs V made the second and third calls was to make her monthly mortgage payment.

Additionally, when Mrs V called Barclays the first time, she was (incorrectly) told that everything was okay, and this was reiterated to her when she made the next call to Barclays at the end of March, to make her March mortgage payment. And while I can appreciate that Mrs V would have been upset to have received the letter that she did towards the end of April, she needed to call Barclays at that time anyway to make her next payment – although I acknowledge that Mrs V was on the third call with Barclays longer than she would have been, had she only needed to make the April mortgage payment.

All of which is to say that I feel that there are mitigating factors that must be considered regarding the trouble and worry that Mrs V has experienced here. These include that Mrs V appears to have made one call – the first – which was unnecessary, and then had another call – the third – which lasted longer than should have been the case. And while I accept that the impact of what took place was exacerbated because of Mrs V's difficult personal circumstances, I also feel that Barclays were able to resolve the issue reasonably quickly after Mrs V called them about it at the end of April.

In the interests of consistency, this service uses a framework as a guide when assessing compensation amounts. And, having considered the inconvenience and upset that Mrs V has incurred in conjunction with that framework, I can confirm that I feel that £150 is a fair compensation amount here. Details of this framework are available on this service's website.

Accordingly, while I will be upholding this complaint in Mrs V's favour, I'll only be doing so to instruct Barclays to pay the £150 to Mrs V that they've already offered to pay. And I won't be instructing Barclays to take any further or alternative action beyond this. I realise this won't be the outcome Mrs V was wanting. But I hope that she'll understand, given what I've explained, why I've made the final decision that I have.

Putting things right

Barclays must pay £150 to Mrs V.

My final decision

My final decision is that I uphold this complaint against Barclays Bank UK PLC on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs V to accept or reject my decision before 13 May 2024.

Paul Cooper
Ombudsman