

The complaint

Mr and Mrs A complain that Barclays Bank UK PLC gave them incorrect information about how much they needed to pay towards their Mortgage Current Account. Mr and Mrs A said Barclays then marked their credit files, which was having a significant impact on them.

Mr and Mrs A are supported in this complaint by a representative, their independent broker.

What happened

The broker told our service that Barclays had twice provide Mr A with incorrect information about how much he needed to pay to their Mortgage Current Account (“MCA”), which the broker referred to as Mr A’s business overdraft. The broker said that until November 2023, Mr and Mrs A didn’t have to make monthly payments to the MCA, because they were well within their limit, and Barclays just added the interest to the existing debt.

The broker said in December 2023 and January 2024, Mr A paid the amounts Barclays told him to pay, then found out this was less than was needed. Barclays then placed negative markers on Mr and Mrs A’s credit files. But the broker said the only reason those marks were on their credit files, was because of the mistakes Barclays made, when Mr A asked how much he needed to pay. So the broker said that wasn’t fair. The broker said these marks were preventing Mr and Mrs A from refinancing, both to clear their MCA and for other investment properties.

Barclays didn’t think it had done anything wrong. It said Mr and Mrs A paid off their mortgage in late 2023, but they had an MCA linked to their mortgage. That is supposed to be paid off at the same time as any mortgage, but this MCA still had a very substantial debt, of a bit less than £700,000.

Barclays stressed that it was sending Mr and Mrs A monthly statements for the MCA, which detailed the balance, the limit, and any interest applied to the account. Those statements also told Mr and Mrs A how much interest they would be charged in the upcoming month.

Barclays said the MCA was only just under its credit limit on the statement issued at the end of October 2023. That statement also told Mr and Mrs A that they would be charged over £4,000 of interest on 22 November. Barclays said Mr and Mrs A didn’t pay anything towards that statement, and they took £2,000 out of the account that month, so they were over their limit by the end of November 2023. Their November 2023 statement shows this.

Barclays said Mr A and his broker spoke to it on 22 December, and were given the balance on the account. Mr A paid £5,000, but that wasn’t enough to pay the interest and bring the account back under its limit. In January, Mr A paid a further £5,000, but again, this wasn’t enough to pay the interest and bring the account back under its limit. So for both of these months, Barclays placed negative markers on Mr and Mrs A’s credit files.

Barclays said some of the calls it had with Mr A weren’t as clear as it would have liked, so it offered Mr A £75 to say sorry for that. But it said that all the information he needed was on

the statements. So Barclays didn't think it was responsible for Mr A not paying enough money into this account in December and January. It wouldn't take the negative marks off their credit files.

Our investigator didn't think this complaint should be upheld. He said that whilst there may have been some misunderstanding on the calls, Mr and Mrs A had enough information available to them to bring their account up to date. He didn't think Barclays had to amend Mr and Mrs A's credit files.

Mr A and his broker replied, to stress that the payments on 22 December and 24 January were made while Mr A was on the phone to Barclays. So they said these payments were made on the basis of Barclays' advice. They said there had been numerous calls with Barclays, and wanted to check that our investigator had listened to all of these.

Mr A also said that although he opens the online account frequently, he rarely accessed the monthly statements for the MCA. Mr A and his broker thought this mistake would have been avoided if Barclays had given them correct information at the outset, or had taken the time at the start to provide more detailed information on how this account works, which they said they were only given much later.

Our investigator didn't change his mind. The broker wrote again, to explain the background to the case, he said that Mr and Mrs A had previously dealt with their own branch, not banked online. He still felt Barclays had caused these problems.

Because no agreement was reached, this case was then passed to me 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.

I've reached essentially the same overall conclusion on this complaint as our investigator. I will ask Barclays to make the payment of compensation that it previously offered, if it hasn't already done so. But I don't think Barclays has to amend Mr and Mrs A's credit files now. I'll explain why I've reached that view.

I should start by setting out my understanding of this account. The MCA provides a flexible borrowing facility which is part of Mr and Mrs A's mortgage. The terms of Mr and Mrs A's mortgage require any borrowing through the MCA to be paid off at the same time as the mortgage itself.

Mr A and his representative appear to have considered this debt to be separate to the mortgage, albeit still secured on Mr and Mrs A's property. But I think it was clear both from the original terms of Mr and Mrs A's mortgage, and also from the redemption statement that they received in late 2023, that the MCA is part of the mortgage.

Mr A and his representative also referred to this as a business overdraft. But this is personal lending, which is part of their mortgage. I can see that the conditions of Mr and Mrs A's mortgage set out that the MCA isn't to be used for business borrowing.

The history of contact between Barclays and Mr A suggests that he has discussed the MCA with Barclays a number of times over the years, and in particular, how much of the MCA he was using, and how he intended to pay this off at the end of the mortgage. The statements

show that in the six months before Mr and Mrs A repaid their mortgage, the MCA debt increased by over quarter of a million pounds.

Mr A's argument in this case, is that he was misadvised by Barclays. And he said he relied on what Barclays said, as his key source of information about this account. Mr A has told us that he didn't open the statements for this account, so he couldn't have known how much interest was being charged, or other details on the account.

I should say at the outset that Mr A hasn't suggested these statements weren't available to him. And I do think Mr A bears some responsibility for monitoring the position of his accounts, particularly given the extensive use Mr and Mrs A had been making of this borrowing facility. So I do have to bear in mind, when I'm considering this case, that all the information Mr and Mrs A needed to keep their MCA under its credit limit was being made available to them by Barclays, through the monthly statements it was issuing.

In October 2023, Mr and Mrs A asked Barclays for a redemption statement for their property. That statement set out the small amount that they still owed on their mortgage, but also included, with equal prominence, the significant amount they still owed on the MCA.

The letter told Mr and Mrs A that their direct debit payment to the mortgage would be cancelled once Barclays received the final payment. That letter also said this –

Now that you've asked us for a final redemption amount, we've capped your MCA reserve facility, which is an overdraft facility secured against your property, at £1,000 above the current outstanding balance, or at your maximum pre-agreed facility (whichever is lowest).

Mr A complained about this facility having been removed on 1 November 2023, but Barclays said this debt needed to be cleared, and it wouldn't uphold his complaint. (That isn't the complaint I'm considering here, I mention this as background.)

Although Mr A would appear to have been aware of the large debt on the MCA at the start of November at least, and although this debt then increased with a final withdrawal of £2,000, Mr A doesn't then appear to have made any payment to the MCA until December 2023.

On 11, 12 and 13 December, Barclays rang Mr A, it wanted to discuss this account but wasn't able to speak to him. Mr A spoke to Barclays about it on 22 December.

Mr A has told our service that on this call, he asked how much he needed to pay and was given a figure of around £5,000. Mr A paid that, so he thought he'd done what Barclays told him. So he said it was very unfair that Barclays had then marked his, and Mrs A's credit files.

I think this 22 December call is one of the key calls for this complaint. I have read Barclays' transcript of this call, but also listened carefully myself to the recording. I don't think Mr A was told to pay £5,000 by Barclays on this call. I can hear that on this call Mr A was told, on two separate occasions, that the MCA's limit was £680,760 but the current balance was over that, at £689,964.79.

I can hear that this limit, and the balance, were given to Mr A twice during this call. The first time was around three minutes into the call, just before Mr A's broker joined the call. The second time was from around 12 minutes into the call.

On the second occasion, the agent repeated the balance, and the limit, for Mr A, and told him he needed to bring the balance under the limit. Importantly, the agent did tell Mr A that otherwise, this would affect his credit. The agent explained that the interest charged on the MCA was fluctuating, because Mr A was over the limit. So he said if Mr A paid to bring the balance back down below the limit, then the monthly interest charge would be stable, and Mr A could pay the interest by standing order.

Mr A said he would pay £5,000. He suggested that figure, not the agent. The agent responded that this would cover the interest, but then also said that bringing down the balance to below the limit would be something Mr A would be required to do.

So I don't think Mr A was wrongly advised on this call, to make a payment which was less than the amount required to avoid any impact on his credit file. Rather, I think that the agent told Mr A how much he was over the limit, and Mr A didn't pay that much. Because of that (and bearing in mind the additional information which was always available online to Mr and Mrs A about their account) I don't think Barclays has to amend Mr A's credit file for December 2023.

I can also hear on this call that Mr A was aware that the interest needed to be serviced on the MCA each month. But Mr A didn't find out about when the next payment might be due. And the agent's suggestion of a standing order was not taken up.

On 3 January 2024, Barclays wrote to Mr A, saying that the MCA was just over £4,000 in arrears. That represents the amount that Mr and Mrs A were over their borrowing limit. Barclays also tried to call Mr A on 22 January, the day additional interest was charged to the MCA. But it got no answer.

Mr A then rang Barclays again on 24 January. Their broker was again on this call. During this call their broker said he'd understood that an outstanding balance on the repaid mortgage itself (not the MCA) had caused problems with Mr and Mrs A's credit files, and this was the main concern discussed on the call. The broker also said that a payment had to be made now on Mr A's MCA, to cover that month's interest.

On this call, the advisor told Mr A that a little over £5,000 had been charged in interest, and said the account would still show as in arrears until the mortgage was repaid. That was a mistake, and I think the advice on this part of the call was not helpful to Mr A, although the agent did clarify that the smaller amount on his mortgage that Mr A had been told about in December, wasn't arrears, it was a modest overpayment on the mortgage itself.

Mr A's broker managed to get the agent to explain that debit interest needed to be paid by the 22nd of each month. So Mr A was already two days late with his payment. The broker asked how much Mr A should pay, and whether a payment that day would show as late. The agent said the payment needed to be made in the same month. But she didn't elaborate. I think this was a missed opportunity for Barclays to tell Mr A that the overlimit amount on the MCA must be cleared, and this would continue to cause problems with Mr A's credit file until the account was back below its limits.

On 24 January, the same day as this call, Mr A paid enough to cover the interest, and the account remained over its limit.

Unlike on the previous call, I don't think Mr A had been told at this point that he needed to bring the MCA back within its limits, and I do think that reminder ought to have been given on this call. So I think it was appropriate for Barclays to pay Mr and Mrs A some compensation. I think that the payment of £75 which Barclays has offered does provide a fair

and reasonable outcome for the poor service I think Mr A received on this call. That's because I don't think this had a wider impact. In particular, I don't think this is why Mr and Mrs A's credit files were marked for January 2024, for reasons I will explain.

I think a further call, on 29 January, is also relevant to this complaint. Mr A was making a complaint, about the calls on 22 December and 24 January. I think Mr A was given rather better advice on this call.

The agent was very clear on the call that Mr A was over his MCA credit limit. Mr A cast doubt on the figures given for the MCA limit, which he apparently didn't think were right, but the agent was both clear and firm in her position. She told Mr A how much he had exceeded the limit by, and that he needed to make a payment. She closed the call by asking if Mr A would pay that day, and he said he would.

Mr A had been charged interest on the MCA on 22 January, he had made a payment to cover the interest only on 24 January. But on 29 January, he was clearly aware that he was over the MCA limit. It doesn't look as if Mr A paid anything further to this account until 1 February – the next month.

Because I don't think Mr A was misadvised on the 29 January call, because he was still in time to make a payment that month, and indeed had expressed a clear intention to do so, but then doesn't appear to have made that payment until the next month, the MCA remained over its limit at the end of January.

Barclays has to report a true position to credit reference agencies. And the true position at the end of January does appear to be that Mr A was told how much he needed to pay, right away, and had time to make the payment, but didn't pay during that month. So I don't think Barclays has to remove any negative markers on Mr or Mrs A's credit file for January 2024.

I have listened to subsequent calls, including the call on 20 February which Mr A and his broker argued was key to this complaint. Mr A said he was given more help on that call, and said if this call had happened earlier, the problems would not have arisen. But I don't agree that call is key. By the time that point was reached, Mr A had left the MCA over its limit for two consecutive months. I think the calls Mr A had when he was still in time to avoid negative markers on his credit file, and the existence of the statements providing further details on this account, are more important.

I do accept that there are instances of poor service to Mr A, on the calls I've listened to. And I can hear that at some points on calls with Mr A, Barclays' agents appear to have struggled with the position of this account. So I think it is appropriate for Barclays to make the payment of compensation I've mentioned above. (I can't see that the amount of £75 has yet been paid, so I will require Barclays to pay that now, if it hasn't already.)

But I also think other examples of service that Mr A has clearly found frustrating, happened partly because the position Mr and Mrs A were in, is an unusual one. They had paid off the mortgage, but left a very sizeable debt on the linked MCA. As Barclays' staff explained, they were in breach of the original mortgage contract. I think that's why not all the agents Mr A spoke to were able to provide full support. He did need to speak to the appropriate specialist team.

I know that Mr and Mrs A will be very disappointed, and I understand that the marks on their credit files have had a very significant impact on them. So I'm sorry to have to tell Mr and Mrs A that I don't think Barclays has to do more than it has already offered to do.

My final decision

My final decision is that Barclays Bank UK PLC must pay Mr and Mrs A the sum of £75 in compensation which it previously offered, if it has not done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs A to accept or reject my decision before 31 July 2024.

Esther Absalom-Gough

Ombudsman