

## The complaint

Mrs C's complaint is about a buy-to-let mortgage she has with Barclays Bank UK PLC. She is unhappy that Barclays didn't set up a new direct debit mandate when she provided it. She assumed it had done, which meant she made the payment for July 2023 late, and so a late payment was registered against the account and her credit file.

## What happened

Mrs C is a professional landlord and has one of her rental properties mortgaged to Barclays using a buy-to-let (BTL) mortgage. The monthly payments were made by direct debit mandate (DDM). However, in early 2023 the DDM was cancelled and Mrs C had to provide a new one - this was posted to Barclays towards the end of March 2023.

Barclays set the DDM up in time for the May 2023 payment to be collected under it. However, when Barclays called for the payment, it was informed the DDM had been cancelled. Barclays wrote to Mrs C on 4 May 2023 to tell her the DDM had failed to collect the May payment because it had been cancelled. It asked her to make a manual payment and provide it with a new DDM. Mrs C provided a proof of postage to Barclays dated 26 May 2023, which she has told us was a replacement DDM. Barclays has confirmed it didn't receive a new DDM from Mrs C at the end of May/beginning of June.

Mrs C made manual payments up to, and including, May 2023 and Barclays used overpayments that Mrs C had previously made to cover the June 2023 payment. However, there were not enough overpayments to cover the July 2023 payment. Barclays registered the July payment as being missed and reported this to credit reference agencies.

Mrs C's bank account provider told her it couldn't identify any technical issues with the DDMs that had been set up for Barclays benefit. It confirmed that the following DDMs had been set up over time for Barclays:

- Starting on 15 May 2020 which was recorded as having been cancelled by Mrs C on 24 January 2023.
- Starting 12 November 2020 which had been cancelled by Mrs C on 24 January 2023, but had been reinstated by the bank on 25 October 2023.
- Starting 5 January 2021 which had been cancelled by Mrs C on 15 March 2023.

No mention was made of the DDM Barclays set up in April 2023.

Mrs C complained to Barclays in August 2023 about the DDM not having been set up correctly. She said this had affected her credit file. In that conversation she referenced having sent a new DDM at the end of March 2023 and Barclays having acknowledged receipt of it in April 2023. There was no mention that she had sent another DDM to Barclays at the end of May 2023.

Barclays responded to the complaint in a letter of 17 October 2023. It said it had incorrectly cancelled the DDM in May 2023 after payment under it was not made. It apologised for

having done this. However, in relation to the July 2023 missed payment, Barclays was satisfied Mrs C was aware there was no DDM in place when she spoke to it in May 2023 and so a manual payment needed to be made. In relation to the issue Mrs C had mentioned from a previous complaint about the DDM reference number being wrong, which might have again been the cause of the failure of the DDM, Barclays said the format of the reference was its standard and not something that should cause a problem. Barclays offered Mrs C £200 compensation for the impact its error of cancelling the DDM in May 2023 may have had.

Mrs C was not satisfied with Barclays' response to her complaint and referred it to this Service. She told us she was away when the July payment was due and couldn't make a manual payment. In addition, she said that as she'd sent Barclays another DDM in May 2023, she assumed it would have resolved the problem and she wouldn't need to make any more manual payments. Subsequently, Barclays confirmed that it had not received a DDM from Mrs C in May 2023.

Barclays also provided evidence that it had set up the new DDM in April 2023 and that it had attempted to collect the May 2023 payment under it. The documentation from the BACS system shows that Barclays was informed on 4 May 2023 (following an attempted collection on 2 May 2023) that the DDM had been 'cancelled'.

One of our Investigators considered the complaint, and he recommended it be upheld. He concluded the reason for the DDM issues was Barclays fault and said that it should remove the late payment marker for July 2023 and pay Mrs C £300 for the upset and inconvenience she'd suffered.

Mrs C initially accepted the Investigator's recommendation, but later said £300 was not enough compensation. This was because of the ongoing impact the missed payment marker was having on her being able to expand her business, as she couldn't get credit. She asked that the complaint be passed to an Ombudsman. Subsequently, Mrs C confirmed she considered the compensation should be £1,000.

Barclays didn't accept the Investigator's view. While it acknowledged that Mrs C had tried to send it a new DDM in May 2023, Barclays hadn't received it, which was not its responsibility. As Mrs C was aware of the issues she had experienced, it said she should have checked to ensure the new DDM had been set up, but she didn't do so. Barclays highlighted that it was required to report data correctly to credit reference agencies, which is what it had done.

I issued a provisional decision on 5 June 2024, in which I set out my conclusions and reasons for reaching them. Below is an excerpt.

*'Mrs C's main concern in this complaint is the fact that Barclays registered a missed payment on her credit file for July 2023 and the impact this has had on her ability to obtain credit. I can understand why that is the case, but I would only be able to require Barclays to remove that marker if it had made a mistake that led to the marker being attached, when it otherwise would not have been.'*

*It appears there has been some confusion over when and how the DDMs in this case were cancelled. I have reviewed the information provided by Mrs C's bank account provider and the banking system report from May 2023. While Barclays has said it cancelled the DDM that it set up in April 2023 following its failure to collect the May 2023 payment, it appears that Mrs C or her bank had already cancelled the DDM. It is not clear whether Barclays saying this was a misunderstanding on the part of the complaint handler, or whether it tried cancelling the DDM to no effect because it had already been cancelled. Whichever is the*

*case, it would appear that Mrs C, or her bank, cancelled the DDMs that could have collected the monthly mortgage payments after January 2023.*

*Mrs C has provided evidence that she posted something to Barclays toward the end of May 2023. She's said it was a DDM and I have no reason to doubt that. However, it doesn't appear that Barclays received the form. In the circumstances, I can't hold Barclays responsible for a new DDM not being set up at the end of May/beginning of June 2023.*

*I also note that Mrs C confirmed in her call with Barclays toward the end of May 2023 that she was aware that it could take up to two months for a direct debit to start taking payments once it had been set up. Mrs C also referenced that it had taken five attempts to fix a problem with the DDM on the same account at some point previously. I think it is reasonable that Mrs C would have known to check that the DDM had been set up and that it had started taking the monthly payments. This is a BTL mortgage, taken out for investment purposes. It is considered a commercial mortgage, and it's up to Mrs C to manage it. This includes making sure that the monthly payments are made on time and, that any payment method does what it is meant to. Whether a mortgage payment is usually collected by DDM or some other method, it remains the responsibility of the borrower to ensure the payment is made each month.*

*Overall, the evidence shows that Barclays attempted to collect the monthly payments to Mrs C's mortgage by DDM when a DDM was in place. I am also satisfied that the two that were in place during the relevant period were cancelled by Mrs C or her bank. Barclays can't, reasonably, be held responsible for the consequences of it being unable to collect payments in such circumstances.*

*There has been mention in discussions about a previous problem with DDMs and Mrs C's bank reporting that Barclays' reference number was the problem. There appears to have been the assumption this issue may have occurred again. There is no evidence that this issue was relevant in this case. As such I don't propose to comment on the issue further.*

*Barclays offered Mrs C £200 compensation in its final response letter for the poor service it had provided. I would request that Barclays confirm in response to this provisional decision whether that offer is still available to Mrs C if she wishes to accept it.'*

Mrs C did not accept my provisional decision and she said it was incorrect. She highlighted that she had contacted Barclays by telephone in May 2023 and was told that it had received the mandate and she would not need to make any further manual payments. She also said that she was asked by Barclays to cancel the previous DDM as it had failed to collect the payment and it thought that it might be blocking the new DDM. Mrs C highlighted that she had sent us evidence that there was still an active DDM on the account, but that Barclays had failed to take payment under it. In addition, she said she had sent Barclays numerous DDMs and could prove it.

In response to my comment that it was Mrs C's responsibility to check that the payments had been made, she said that she had checked her account and discovered a DDM had been set up, and so didn't bother checking anything further. She again said that she had assumed that as a DDM was in place when she checked, the payment would be made. Mrs C maintained that the reason the payment in question was missed was Barclays' fault. Mrs C also provided a message that confirmed an application (which she has confirmed was for a mortgage) was turned down due to adverse credit information and a copy of a recent credit report.

Barclays confirmed receipt of the provisional decision and said that it had nothing further to add regarding the merits of the complaint. It also confirmed that if Mrs C wanted to accept the offer it made in its final response letter, it was still open to her to do so.

### **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.

Mrs C has indicated that she believes that she only cancelled a DDM when she was told to by Barclays and that there was a live DDM in place that should have collected the payment for July 2023. As I set out in my provisional decision, according to Mrs C's bank, she cancelled the DDM that had been collecting payments for the mortgage until January 2023 in January 2023. Following that she cancelled the only other live DDM in the middle of March 2023, which appears to be the one that Barclays suggested might be causing problems. So at the end of March 2023 when Mrs C sent in a new DDM form, there were no live DDMs to Barclays on her bank account.

The DDM that should have collected the monthly payments from May 2023 was the one using the DDM form Mrs C sent it at the end of March 2023. This DDM was set up after the previous three had been cancelled. When Barclays came to collect under that DDM at the beginning of May 2023, it was told that DDM had also been cancelled.

While Mrs C's bank was silent in its correspondence with her about the DDM that had been set up from the end of March 2023 form, she has confirmed when she checked her account after sending it in, that a live DDM was showing on her account. So it would appear that the DDM had been set up correctly by Barclays. However, when Barclays tried collecting on it at the beginning of May 2023, the BACS system told Barclays that the DDM had already been cancelled. It doesn't appear that there was a live DDM in place again until Mrs C had an old one reinstated in October 2023, which is beyond the scope of this complaint and decision.

As I said in my provisional decision, I can't be sure how or why the last DDM was cancelled, but the evidence I have doesn't show that Barclays caused the problem that meant the monthly payments were not collected. However, even if it had been, it would remain that it was still Mrs C's responsibility to ensure the mortgage payments were made when they were meant to be. I note that she's said she had checked and there was a DDM in place, but that doesn't negate her obligation to ensure that the payment was actually made.

I know this will disappoint Mrs C, but my conclusions have not changed – I can't hold Barclays responsible for the July 2023 payment being missed. As such, I can't ask Barclays to take any action to alter Mrs C's mortgage or credit records.

If Mrs C wants to accept Barclays offer of £200, she should contact it directly to do so.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs C to accept or reject my decision before 26 July 2024.

Derry Baxter  
**Ombudsman**