

## The complaint

Mr M complains that Barclays Bank UK PLC has unfairly refused to accept his request for it to write off part of his outstanding mortgage balance. He also complains that the advice he received from Barclays to consolidate unsecured debts and add these to his mortgage was unsuitable.

To put matters right, Mr M wants Barclays either to write off part of his outstanding mortgage debt, or allow him to convert his existing mortgage to an equity release mortgage.

## What happened

Mr M holds an interest only mortgage with Barclays with an outstanding mortgage balance of over £124,500. The mortgage term ended in 2018, when the full balance was due to be repaid. The mortgage balance remains outstanding, and Barclays has been in regular contact with Mr M about his plans to repay the mortgage.

In 2019, Mr M referred a complaint to this service about the advice he received from Barclays to take out an interest only mortgage and to consolidate unsecured debts onto this mortgage. An ombudsman issued a final decision on this complaint on 15 January 2020.

In early 2024, Mr M contacted Barclays and asked it to write off around £30,000 of the outstanding mortgage debt. Mr M provided Barclays with a letter from an equity release mortgage provider that indicated he might be able to secure an equity release mortgage of up to £95,300. Mr M explained that he didn't feel able to deal with the stress and disruption involved in moving home and the worry this matter was causing him was having an impact on both his physical and mental health. He said if Barclays wrote off part of his mortgage debt, he thought he would be able to re-mortgage to an equity release mortgage with another lender.

Barclays said it wasn't willing to write off part of the outstanding mortgage balance. It noted that Mr M had said his property was worth around £200,000. In view of this it said there was sufficient equity in the property to repay the outstanding mortgage balance. It acknowledged that Mr M had said he intended to put the property on the market in early 2024, and it asked Mr M to keep in contact with its Customer Home Assistance team.

Mr M was not satisfied with Barclays' response and referred his complaint to this service.

Having carefully considered Mr M's complaint our investigator said she couldn't reasonably require Barclays to write off part of the mortgage balance. She said she was sympathetic to Mr M's position, but she was mindful that Barclays had allowed Mr M six years after his mortgage term ended to repay the mortgage. She said she felt Barclays had given Mr M sufficient time to find a solution that allowed him to remain in the property, but this hadn't been possible.

Mr M did not accept our investigator's view. He said he felt the initial mortgage advice he had received from Barclays in 2006 had been unsuitable as it had advised him to consolidate unsecured debts, and this had increased the outstanding mortgage balance. He

also said Barclays had written to him to say it would re-start possession proceedings if the mortgage debt was not repaid.

Mr M also said that if Barclays was not willing to write off part of the mortgage debt it could instead convert his mortgage to an equity release mortgage. Mr M said he would be willing to make some payments towards an equity release mortgage to '*keep the interest on the mortgage down*'.

I issued my provisional decision on Mr M's complaint on 19 August 2024. In it I explained that, although I was sympathetic to Mr M's position, I didn't think this service should consider Mr M's complaint about the advice he received to consolidate unsecured debts onto his mortgage. I also said I couldn't reasonably require Barclays to write off part of Mr M's mortgage debt or convert his mortgage to an equity release mortgage. I explained my provisional decision as follows.

#### The sale of the interest only mortgage – why I won't be considering this issue

I explained that this service doesn't decide every complaint that's referred to us. There are some complaints that we can't look at, because the rules we operate under don't allow us to. And there are others that we are able to look at, but we choose not to, due to their circumstances. The rules that set this out are referred to as the Dispute Resolution (DISP) rules and are laid down within the Financial Conduct Authority's handbook.

DISP rule 3.3.4A says '*the ombudsman may dismiss a complaint referred to the Financial Ombudsman Service on or after 9 July 2015 without considering its merits if the Ombudsman considers that:*

*(5) dealing with such a type of complaint would seriously impair the effective operation of the Financial Ombudsman Service.'*

DISP rule 3.3.4B says '*examples of a type of complaint that would otherwise seriously impair the effective operation of the Financial Ombudsman Service may include:*

*(3) where the subject matter of the complaint has previously been considered or excluded under the Financial Ombudsman Service (unless material new evidence which the Ombudsman considers likely to affect the outcome has subsequently become available to the complainant).'*

I explained that an ombudsman had issued a decision in January 2020, in response to Mr M's complaint about the advice to consolidate unsecured debts onto his interest only mortgage. As this was the case, I said I wouldn't be looking at the complaint points Mr M had now raised on this aspect of his complaint, as the subject matter had previously been considered under our rules and I said I had not been presented with any material new evidence that wasn't available back then.

By material new evidence I explained that I meant something that wasn't available at the time. I said the fact that Mr M now says that the advice to consolidate his unsecured debts means his mortgage balance is higher than it would otherwise have been, and that he might therefore have been in a better position to secure an equity release mortgage with another lender if he hadn't consolidated some of his unsecured debts, wasn't material new evidence. I said I could see the ombudsman had carefully considered Mr M's circumstances at the time Barclays advised Mr M in 2006, and he also considered the plan Mr M had at that time to use the savings he would make by consolidating his unsecured debts to reduce his mortgage balance.

I said I didn't think the circumstances that led Mr M not to use these savings to reduce his mortgage balance was something this service can look at again now. Nor did I consider that the amount Mr M may be able to borrow in connection with an equity release mortgage is material new evidence. I said I was satisfied the underlying complaint – that Barclays should not have advised Mr M to consolidate unsecured debts and add them to his mortgage – was the same as the one that was considered by this service in January 2020.

I said I appreciated this would be disappointing for Mr M, but taking everything into account, my provisional decision was that I was satisfied this aspect of Mr M's complaint should be dismissed for the reason set out in DISP rule 3.3.4 – that it would seriously impair the effective operation of this service if we were to look into the same complaint again.

My provisional decision was that this aspect of Mr M's complaint should be dismissed and would not be considered by this service.

#### Has Barclays treated Mr M fairly?

I noted Mr M said he felt that, due to his personal circumstances, Barclays should agree to a solution that allows him to remain in his home. I said I did understand why Mr M felt moving home would cause him worry and distress and could have a detrimental impact on his health.

But when determining complaints, I explained that I must be fair to both parties. In this case, Barclays had allowed Mr M six years after the mortgage term ended to repay the outstanding mortgage balance. This service expects lenders to show forbearance where a customer is unable to meet their obligations. Having carefully considered the circumstances of this complaint I said I thought Barclays had given Mr M sufficient time to repay the mortgage.

I said I did understand that it would greatly assist Mr M if Barclays was willing to write off some of the mortgage debt or allow Mr M to convert the mortgage to an equity release mortgage (with interest roll-up), but I said I couldn't reasonably require it to agree to either of these requests. It appeared from the information provided that there was sufficient equity in the property for the mortgage to be repaid in full, so I said I couldn't reasonably say that Barclays should write off part of the mortgage balance. Nor could I require Barclays to offer Mr M an equity release mortgage, with interest roll-up, even if Mr M made some payments to '*keep the interest on the mortgage down*', when it does not offer this mortgage option.

I said I was mindful that Mr M had told this service that Barclays had written to him to say it would re-start possession proceedings if he did not repay the outstanding mortgage balance.

I noted that in the earlier final decision issued in January 2020, the ombudsman encouraged Mr M to seek independent financial advice about his prospects of re-mortgaging with a retirement interest only mortgage or equity release, and also to prepare the property for sale. I said it was unclear whether Mr M had taken financial advice at that time. If he had not done so, I said he may wish to do so now.

I also noted that there might be some confusion about the current value of Mr M's property. I said that if the actual value was closer to the £256,000 desktop valuation that Barclays had more recently obtained, this may enable Mr M to secure higher borrowing with an equity release provider. I said Mr M may find it helpful to promptly progress an application with an equity release provider to explore whether a higher property valuation would allow him to borrow sufficient funds to repay his mortgage with Barclays. I also encouraged Mr M to remain in contact with Barclays, to keep it updated about any progress he had made with either selling his property, or securing an equity release mortgage sufficient to repay his Barclays mortgage.

Barclays did not respond to my provisional decision and Mr M responded to say he did not accept it. He reiterated that he felt he was unable to deal with the stress and disruption involved in moving home. He also reiterated his view that the mortgage advice he had received from Barclays in 2006 was unsuitable. He said he felt that he should have been referred to a debt advice charity, not advised to consolidate some of his unsecured debts onto his mortgage.

He said:

*I cannot understand why this service could not consider the advice to consolidate unsecured debts on to a new mortgage (re-mortgage). In January 2020, part of the Ombudsman's decision was that I could obtain a retirement mortgage but of course this was not possible due to the lack of equity in the property. I therefore think the decision was unfair.*

Mr M also said he would now contact a debt advice charity and look into whether the desktop valuation of £256,000 was accurate and might allow him to borrow enough from an equity release mortgage provider to repay his mortgage with Barclays.

### **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.

#### The sale of the interest only mortgage – why I won't be considering this issue

I am sympathetic to Mr M's position but, as I set out in my provisional decision an ombudsman issued a decision in January 2020, in response to Mr M's complaint about the advice to consolidate unsecured debts onto his interest only mortgage.

In his response to my provisional decision Mr M said he feels the decision issued in January 2020 is unfair and the issues he complained about should be reconsidered by this service as, '*...part of the Ombudsman's decision was that I could obtain a retirement mortgage but of course this was not possible due to the lack of equity in the property*'.

The final decision in January 2020 set out:

*There may still be options open to Mr M – for example, if equity release isn't feasible, he may be able to explore a retirement interest only mortgage. And if all else fails, he now accepts he'll have to sell the property. I think it's fair that's done voluntarily rather than by repossession if possible.*

*In all the circumstances, I think the fair thing for Barclays to do now is to withdraw its threat of possession proceedings and allow Mr M three months to explore his options. He should seek independent financial advice about his prospects of re-mortgaging with a retirement interest only mortgage or equity release, and also prepare the property for sale.*

*If, by the end of three months, Mr M can show Barclays he has a mortgage offer, or positive advice and an application in progress, Barclays should allow further time for the application to go through.*

*And if Mr M isn't able to raise finance elsewhere but can show Barclays that he's put his house on the market, then Barclays should allow further reasonable time for a sale to go through – and Mr M will need to allow Barclays to talk to his estate agent directly to reassure itself that everything is being done.*

In view of this, I can't agree with Mr M's position that the ombudsman's decision in January 2020 said he '*could obtain a retirement mortgage*'.

Having carefully considered this matter, I won't be looking at the complaint points Mr M has now raised on this aspect of his complaint, as I remain satisfied that the subject matter has previously been considered under our rules and I have not been presented with any material new evidence that wasn't available back then.

As I set out in my provisional decision, I don't consider that the amount Mr M may be able to borrow in connection with an equity release mortgage is material new evidence. I am satisfied the underlying complaint – that Barclays should not have advised Mr M to consolidate unsecured debts and add them to his mortgage – is the same as the one that was considered by this service in January 2020.

I do understand that this will be disappointing for Mr M, but taking everything into account, my decision is that I am satisfied this aspect of Mr M's complaint should be dismissed for the reason set out in DISP rule 3.3.4 – that it would seriously impair the effective operation of this service if we were to look into the same complaint again.

#### Has Barclays treated Mr M fairly?

Neither party has raised any new points in relation to this aspect of Mr M's complaint in response to my provisional decision. As this is the case, I see no reason to depart from my provisional decision on this aspect of Mr M's complaint. I do appreciate that Mr M feels unable to deal with the stress and disruption of moving home and I am sympathetic to his position.

But, as I set out in my provisional decision, when determining complaints, I must be fair to both parties. In this case, Barclays has allowed Mr M six years after the mortgage term ended to repay the outstanding mortgage balance. This service expects lenders to show forbearance where a customer is unable to meet their obligations. Having carefully considered the circumstances of this complaint I think Barclays has given Mr M sufficient time to repay the mortgage.

I am pleased to hear that Mr M has said he will now contact a debt advice charity and look into whether the desktop valuation of £256,000 Barclays has provided is accurate and might therefore allow him to borrow enough from an equity release mortgage provider to repay his mortgage with Barclays. I would encourage Mr M to remain in contact with Barclays to keep it updated about any progress he makes with either selling his property or securing an equity release mortgage sufficient to repay his Barclays mortgage.

#### **My final decision**

My decision is that Mr M's complaint about the suitability of the advice to consolidate his unsecured debts is dismissed and will not be considered by this service.

My decision on Mr M's complaint that Barclays has treated him unfairly by refusing to write off part of his outstanding mortgage balance, or offer him an equity release mortgage is, for the reasons I have set out above, not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 October 2024.

Suzannah Stuart  
**Ombudsman**