

The complaint

Mr and Mrs T complain that Barclays Bank PLC (“Barclays”) is chasing them for a mortgage debt they were previously told had been repaid.

What happened

Mrs T says she and Mr T had a mortgage (I’ll refer to that as the “first mortgage”) with Barclays in relation to a property they sold in 2021.

Mrs T says that around the time of the property sale Barclays said there was nothing left to repay on the first mortgage, and that there were no outstanding charges registered against the property. She says that position was confirmed to her solicitor after protracted correspondence.

Mrs T says that over a year later Barclays said a significant amount of money was owed in relation to the first mortgage. She says Barclays has chased her for the money – something she doesn’t think is fair. She says she made payments to Barclays in relation to the debt as she felt pressured into doing so, but the payments are crippling her financially. Mrs T thinks Barclays should honour what it originally said and write off the debt.

In its 2024 final response Barclays said it didn’t have any evidence to show that it told Mrs T that her mortgage had been redeemed. It said it sent her a mortgage redemption statement in October 2020 that set out the outstanding balance on her mortgage. That statement showed she owed it more than £107,000. Barclays says it thinks Mrs T was aware of the debt as she has continued to make mortgage payments after 2021 and spoke to it about the mortgage in September 2022.

In its final response Barclays also said that Mrs T also had a separate secured loan/second mortgage on the property. That loan was sold to another business. It says that when that loan was sold to the other business it made a mistake and removed its charge on the property by mistake. However, Barclays confirmed that Mrs T continued to owe it money in relation to the first mortgage.

Mrs T remained unhappy, so she brought this complaint to the Financial Ombudsman Service on behalf of herself and Mr T. She complained about the issues raised in the final response and about her credit file.

Our investigator considered what happened. He appreciated what Mrs T had told us. However, he said he’d reviewed Barclays’ notes of its contact with her. They show that Mrs T was sent a mortgage redemption statement in October 2020 after she’d spoken to Barclays on the phone. Barclays provided our investigator with a copy of the redemption statement that set out how much money was owed on the mortgage at the time (more than £107,000). In the circumstances he was persuaded that Mr and Mrs T were told about the outstanding debt. He said that if Mr and Mrs T were told they didn’t owe anything after this they should have queried this with Barclays. But there was no record of that. Our investigator could see that Mr and Mrs T continued to pay money towards the debt until September 2023. He didn’t understand why they would have done that if they believed they’d repaid the

mortgage and no longer owed Barclays any money for it.

In the circumstances our investigator didn't think it would be fair and reasonable for us to say that Barclays should write Mr and Mrs T's outstanding debt off.

Mrs T also complained about the Barclays entries on her credit file. Mrs T provided the Financial Ombudsman Service with a copy of her credit file that showed Barclays was only reporting one account on it – not two accounts (her first mortgage account and the MCA). She said that her first mortgage had been on her credit file but disappeared from it around April 2024. She thinks that's another example of Barclays making mistakes it should be held accountable for.

Our investigator asked Barclays about how it was reporting information about Mrs T's accounts on her credit file. It said it was reporting information in relation to her first mortgage and the MCA.

Our investigator didn't think that Barclays needed to do more to put matters right. Mrs T remained unhappy and asked for an ombudsman to review this complaint, so this complaint has been passed on to me to decide. Mrs T made a number of points I will consider.

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'll begin by saying that I can see that there has been some genuine confusion about the debts at the centre of this complaint. I acknowledge Mr and Mrs T's frustration about that. However, I agree with the conclusion our investigator reached. I'll explain why.

Mr and Mrs T's first mortgage started in 2007.

The first mortgage had a current account linked to the mortgage, the MCA. The MCA had a "reserve limit" which operated much like an overdraft limit. This allowed Mr and Mrs T to use the MCA to borrow more money up to an agreed limit. Any money borrowed from this reserve was secured against the mortgaged property. Interest was charged on the MCA borrowing – but no regular repayments to the outstanding balance were needed while the mortgage was active.

Mr and Mrs T also had a secured loan/second mortgage on the property. That loan was transferred to a third party lender and paid off in October 2020. Mrs T's credit file reflects that.

Barclays' notes show that Mrs T made payments towards the first mortgage until September 2023. After that sporadic payments were made and arrears began to build up.

There's no dispute that when the second mortgage was sold to another business Barclays removed the corresponding charges on the property. So there was no longer any charge on the property after the second mortgage was sold.

I appreciate Mrs T's frustration about that. I'm in no doubt that the removal of the charge on the first mortgage caused her and her solicitor some confusion. I appreciate she says there was protracted correspondence between her solicitor and Barclays around that time.

However, I don't think it follows that it would be fair and reasonable for me to say that Barclays should compensate Mr and Mrs T for removing the charge on their property or write

off the outstanding debt in relation to the first mortgage. I say that because Barclays' mistake didn't stop Mrs T selling the property when she wanted to. It simply meant that Barclays no longer had a charge on the property which it could have enforced in court. Mrs T has talked about the need for Barclays to be held accountable for its mistakes. I understand her point of view. But my role isn't to punish businesses for mistakes – just as it wouldn't be fair for Barclays to punish Mrs T for any mistakes she might make. It is to resolve this dispute in a fair and reasonable way.

The removal of the charge on the first mortgage didn't mean that first mortgage had been written off or should have been. Mr and Mrs T still owed Barclays a significant amount of money in relation to the first mortgage. Like our investigator I'm satisfied that Barclays told them about the debt in 2020 when it sent the redemption statement to cover the amount owed on the first mortgage. I can also see that Barclays also sent Mrs T a statement and letter setting out the amount she owed on the MCA in 2021. I appreciate that the letter dated May 2021 didn't reach Mrs T as it was marked "gone away". But that doesn't mean that Mr and Mrs T weren't required to pay that debt either.

So I'm satisfied that Mr and Mrs T are liable to pay the outstanding debt on the first mortgage and the MCA. In their complaint form to the Financial Ombudsman Service Mrs T has said that the debt is crippling her and caused problems in the family. I'm very sorry to hear that. I think Mr and Mrs T and Barclays should work with each other to find a way to allow them to repay what they owe in a way that's affordable to them.

Mrs T has said that she doesn't understand the Barclays entries on her credit file and thinks it has made another mistake. After this complaint was passed on to me to decide the Financial Ombudsman Service contacted the credit reference agency ("CRA") Mrs T used to ask it why both the first mortgage and the MCA weren't showing on Mrs T's credit file given that Barclays said it was reporting both accounts. The CRA said Mrs T needed to update her membership profile with her current address. Mrs T did that and has confirmed that both accounts are now showing on Mrs T's credit file as it should.

As Mr and Mrs T's first mortgage and MCA are both showing on Mrs T's credit file I don't think Barclays needs to do anything to resolve this aspect of this complaint either. I'm conscious that the relevant CRA has said customers are responsible for updating their current address on their membership profile.

Conclusion

I appreciate that Mr and Mrs T will be disappointed by the outcome of this decision, but for the reasons set out above I don't think Barclays needs to do anything to resolve this complaint.

My final decision

For the reasons set out above, my final decision is that Barclays Bank PLC doesn't need to do anything to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T and Mr T to accept or reject my decision before 10 January 2025.

Laura Forster
Ombudsman