

The complaint

Mrs V and Mr V complain Barclays Bank UK PLC (Barclays) unfairly marked their credit files with mortgage arrears, despite having agreed an interest only arrangement.

What happened

Mr V says in late October 2023 he contacted Barclays as he was experiencing some financial issues and was looking for support under its Charter scheme (CS) to allow interest only payments for six months. Mr V says Barclays agreed to this, but he discovered that it had reported mortgage arrears on their credit files for October 2023 and November 2023.

Mr V says this damage to the credit files has impacted his ability to obtain credit and Barclays have failed to support him and treat him fairly, as it's obliged to. Mrs V and Mr V want their credit files to be corrected and compensation paid for the worry and upset this has caused.

Barclays says it reviewed its records and the agreement for the interest only arrangement was from November 2023 and not October 2023. Barclays says this was put in writing to Mr V and as a result it hadn't made any errors and wouldn't look to amend the credit file.

Barclays says as Mr V didn't pay the full contractual monthly payment (CMP) in October 2023, this was correctly reported to the relevant credit agencies. Barclays says it does accept that in a phone call in late October 2023, it didn't fully explain to Mr V that his credit file would be impacted if he didn't pay the full CMP in October 2023. Additionally, Barclays says it also accepts there were delays in responding to Mr V's complaint and awarded a total compensation payment of £250 for both of these matters.

Mrs V and Mr V weren't happy with Barclays' response and referred the matter to this service.

The investigator looked at all the available information and upheld the complaint. The investigator says Barclays subsequently advised this service, there was no adverse data reported for October 2023 and November 2023, only for December 2023 and January 2024. The investigator says there was no justifiable reason for this and Barclays agreed to remove this adverse data.

The investigator felt while Barclays had agreed to remove the adverse credit data on the credit files and paid Mrs V and Mr V £250 for the inconvenience caused, she didn't feel that went far enough. The investigator says while Mr V hadn't provided any evidence that this had affected his ability to obtain credit, any adverse credit reporting was likely to impact obtaining finance. The investigator felt given the inconvenience this matter caused, Barclays should pay a further £150 for the distress and inconvenience caused, in addition to what it had already paid.

Barclays agreed to the extra £150 but Mrs V and Mr V didn't feel this went far enough and asked for the matter to be referred 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.

Having done so, I will also be upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been upsetting for Mrs V and Mr V to believe an interest only agreement was in place on their mortgage with Barclays, only to find their credit files had been adversely marked for not making the full CMP.

When looking at this complaint, as Barclays have now agreed to remove the adverse credit file entries and pay an additional £150 in compensation, on top of the £250 it has already paid, I will consider if this is sufficient redress here.

The first thing to say here is I have listened to the two phone calls Mr V made with Barclays in late October 2023. While it's clear Mr V was aware when he made the second call on 25 October 2023 that the agreement for interest only began in November 2023, he was now asking for support from October 2023 due to his cash flow issues. Mr V advised he had inadvertently cancelled the direct debit for his mortgage and mentioned he was experiencing difficulties collecting monies due to him. Following this, the agent says he would check if paying the interest only element was ok and came back and suggested Mr V could make the October 2023 mortgage payment for the interest element only.

While that may well have been a genuine mistake by the agent, it's clear Mr V went away from that call believing the interest element could be paid for October 2023 without any impact on him, despite any previous agreement that had been put in place to start in November 2023.

While it's reasonable to say adverse entries on a credit file could influence lenders decisions to provide credit, no evidence has been provided by Mrs V and Mr V to support this was the case here, and in any event it's reasonable to say lenders look at a wide range of factors not simply the credit file when deciding to lend or not.

That's not to say Mrs V and Mr V haven't been inconvenienced here – they have, but as mentioned before Barclays have subsequently agreed to remove the adverse entries on the credit files and pay a further £150 by way of compensation, making a total payment of £400. While Mr V doesn't feel this goes far enough, it's worth explaining it's not my role to penalise or punish businesses when mistakes like this occur, but to see it puts matters right and provides an appropriate level of redress - on balance I'm satisfied Barclays on review have done that here.

While Mrs V and Mr V will be disappointed with my decision, I am satisfied this is a fair outcome here.

Putting things right

I instruct Barclays Bank UK PLC to pay Mrs V and Mr V a further £150 in compensation in addition to the £250 it has already paid. Barclays should also ensure any adverse entries on Mrs V's and Mr V's credit file that relate to this matter are removed.

My final decision

My final decision is that I uphold this complaint.

I instruct Barclays Bank UK PLC to pay Mrs V and Mr V a further £150 in compensation in addition to the £250 it has already paid. Barclays should also ensure any adverse entries on Mrs V's and Mr V's credit file that relate to this matter are removed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs V and Mr V to accept or reject my decision before 25 December 2024.

Barry White
Ombudsman