

The complaint

This complaint is about three buy-to-let (BTL) mortgages Mr B holds with Barclays Bank UK PLC. It arises from an earlier complaint Mr B brought us about Barclays failing to update his correspondence address and not allocating payments correctly. That case has been settled, but this new case is about the ongoing impact on Mr B of the way Barclays allocated payments to the BTL mortgages, and reported them on his credit file.

It's caused problems with getting a new interest rate deal on the residential mortgage Mr B holds, jointly with his wife, with another lender I'll call H. They say they ended up on a higher rate that they'd have been able to achieve but for the adverse entries Barclays recorded, at a cost to them of around £8,500 over the life of the new interest rate product.

What I've decided – and why

The broad circumstances of this complaint are known to Mr B and Barclays. I'm also aware that the investigator issued a detailed response to the complaint, a copy of which has been sent to all parties, and so I don't need to repeat the details here.

Our decisions are published, and it's important that I don't include any information that might result in Mr B being identified. Instead I'll focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. But in doing so, we have to work within the rules of the ombudsman service, and the remit those rules give us. It's for me to decide what the material issues are that will affect the eventual outcome. It's also my judgement on what evidence I need to see and consider, in order to reach a fair decision.

I'll also provide some context to who the eligible complainant is here, under our rules. When Mr B brought the complaint to us, we also said Mrs B should join it, because the mortgage with H is in joint names and we needed her authority to request information from H. However, Mrs B isn't a joint borrower on the BTL mortgages with Barclays that are the subject of the complaint, so we were wrong to add her a joint party to the complaint. The case is now back in just Mr B's name.

As for the loss claim, even though Mrs B is party to the financial service where the claimed loss has occurred – i.e. the mortgage with H - Mr B has joint and several liability for that loss. That allows me to award redress to him for the jointly-incurred loss in the event that I find in his favour.

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, these are my conclusions, and the reasons for them.

This isn't a complaint where I have to decide fault; that's admitted. Rather, it's one where I need to decide what a fair settlement should be.

The new rate Mr B and his wife secured on their mortgage with H was 3.48%, running from 1 October 2022 to 31 January 2028. By taking this deal they forfeited the final three months of their existing rate, which was due to expire on 31 December 2022, and that is factored into their claim. But the main bulk of the claim arises from a comparison with the rate Mr B believes they could have secured from 1 July 2022 – the earliest date allowed under the contract with H – but for the delays caused by the adverse credit reporting.

The reference point Mr B has used is a fixed rate of 2.74% that Barclays was offering at the time. The problem was that no re-mortgage application was made to Barclays, which is why, initially our investigator asked Barclays to assess, retrospectively, whether such an application would have been accepted, and if so on what terms. However, things have moved on from there. I'll explain why.

Barclays had offered to provide a letter confirming it was to blame for the adverse entries; the motivation for this was that it should have enabled Mr and Mrs B to get the rate they wanted from H in July 2022. In his most recent opinion, the investigator was minded to find Barclays at fault for not having provided that letter when asked to do so, and to remedy that by providing a mortgage to repay H at the most appropriate rate that would have been available in July 2022. But he revised that position after listening to recordings of phone conversations between Mr B and Barclays.

These supported Barclays' position that Mr B had never asked it to fulfil the offer to provide the letter, in contrast to his assertions that he had done so. In that light, the investigator took the view that Barclays had made a reasonable attempt to help Mr B mitigate the impact of the adverse reporting, but he hadn't taken up the offer. That left the other action Barclays had already taken which was to remove the adverse entries from Mr B's credit file (which has been done) and offer him £300 compensation.

The investigator thought that was fair in all the circumstances, and after having considered everything that both parties have said and provided, I've reached the same overall conclusion. I can't know, and won't speculate on, whether a letter from Barclays would have resulted in H agreeing to a new deal sooner, and at a lower rate than it provided in September 2022. But making the offer was the right thing to do on Barclays' part. Insofar as the available evidence doesn't point to Mr B having taken the opportunity to try and mitigate his situation, I can't fairly order Barclays to take further steps to remedy the loss he is claiming.

I said at the outset that I wouldn't be commenting on every single point, and I haven't. I have, as I said I would, confined myself to those matters that I consider have a material effect on the outcome. I can see how strongly Mr B feels. That's a natural, subjective reaction, and entirely understandable.

Be that as it may, I have to take a different approach. I'm impartial and I have to look at things objectively, sometimes taking a step back from the minutiae, focussing on the broader picture. That's what I've done.

My final decision

My final decision is that this complaint should be settled by Barclays Bank UK PLC paying Mr B £300. I make no other order or award.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 December 2023.

Jeff Parrington

Ombudsman