

The complaint

Mr T has complained that Barclays Bank UK Plc mi-sold him an interest only mortgage. He's also complained about how Barclays has dealt with him since the mortgage term ended.

Mr T's complaint has been brought on his behalf by his daughter. But for ease, I'll mainly refer to the complaint as having been brought by him within this decision.

What happened

Mr T took an interest only mortgage with Barclays in 2009. The mortgage was set up on an interest only basis. Barclays advised Mr T on the suitability of the mortgage. The mortgage term ended in early 2021 when the full balance was due to be repaid. The mortgage balance remains outstanding at this time. Barclays is now taking legal action to have the mortgage balance repaid.

Mr T lives abroad. But the property on which the mortgage is held is in the UK and Mr T's family live in it. Mr T has complained that the mortgage was mis-sold due to being set up on an interest only basis with no realistic way of repaying the balance at the end of the term. He says that he's not been able to speak with Barclays about this and it's now taking legal action which is causing him and his family great distress.

One of our Investigators looked into this complaint. She explained that the complaint point about the mortgage being mis-sold had been referred to us too late under our rules. And she didn't think that Barclays was acting unreasonably in taking action to have the mortgage balance repaid.

Mr T accepted that the complaint about the mortgage being mis-sold had been referred to us too late. But he maintained that Barclays hadn't treated him fairly since his mortgage had ended in 2021, or since his complaint had been referred to us. Mr T asked for the complaint to be considered by an Ombudsman. So, it's been passed to me to review and make 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.

There are parts of this complaint we can and part of this complaint we cannot consider. I'll firstly set out what we can't consider and why.

Whilst Mr T has reluctantly accepted that the complaint about the mortgage being mis-sold was referred to us too late, I have still thought about this. And I agree with our Investigator that it wasn't referred to us in time. Our rules require a complaint to be brought to us within six years of the event being complained about (in this case the sale of the mortgage) or, if later, within three years of the consumer knowing or ought reasonably to know they have cause for complaint.

The mortgage was sold in 2009 and Mr T complained to Barclays in 2021. This is more than six years after the mortgage was sold so is out of time on the first part of this rule. I've thought about when Mr T should've known he had cause for complaint. He says that he had no way of repaying the mortgage. But I think he ought to have reasonably known this at the time the mortgage was sold. However, even if he didn't, over the years Barclays has sent Mr T annual statements and reminders that the mortgage balance would be due in full in 2021. Many of these were sent more than three years before the complaint was made. Based on this, I think he ought to have reasonably known that he had cause for complaint if he had no way of repaying the mortgage and the advice might not have been suitable more than three years ago. So, this complaint has been made out of time on the second part of this rule as well.

I've not been made aware of any exceptional circumstances which mean Mr T couldn't complaint sooner, so this part of the complaint has been referred too late.

Secondly, Mr T has raised a complaint about being locked out of his account for many years. I understand this is being dealt with by our Service as a separate complaint. So, I won't be commenting on the outcome of this complaint within this decision.

Mr T has also raised concerns with how Barclays has dealt with him and his daughter since the complaint has been with our Service. Before we are able to consider a complaint point, Barclays needs to have the chance to respond. So, Mr T would need to raise this with Barclays as a new complaint. If Mr T remains unhappy with the response once Barclays has looked into this, he will need to bring this to our Service as a new complaint.

As our Investigator said, we can consider how Barclays has dealt with Mr T since his mortgage ended up to the point he referred the complaint to us. I have done so, and I don't think Barclays has done anything wrong in this regard. I'll explain why.

I've thought carefully about this matter, and in summary, I'm not persuaded that Mr T has done enough himself to try to actively engage with Barclays to arrange repayment of his mortgage.

Mr T's mortgage term ended in January 2021. And to date it remains unpaid. Barclays has regularly written to Mr T over the years reminding him that his mortgage would need to be repaid in full on this date. I can't see that Mr T has ever got in touch with Barclays himself to discuss this, either prior to or after the term ending.

It seems that Mr T's daughter has been the person who has mainly been in contact with Barclays. But she is not a party to this mortgage, and Mr T has never arranged for her to be able to deal with Barclays on his behalf. So, Barclays isn't able to speak with her about the matter directly. I can see she's asked Barclays to contact Mr T, and it's tried to at times. This has proven difficult given Mr T's job and the fact that he lives in another country.

However, I think Mr T should've taken steps to try to contact Barclays directly himself rather than rely on requests from his daughter to Barclays to reach out to him. I understand he's been locked out of his account and says this wouldn't have been possible. And, as I've said, this matter is being considered by our service as a separate account. But this doesn't mean that Barclays wouldn't have been able to discuss this matter with him had he called it directly. Given that Barclays has tried to call Mr T, it's clear it would've been able to speak to him on the phone. And the letters sent to Mr T ask him to contact it to discuss repayment proposals. But I can't see that Mr T has ever directly tried to call Barclays himself. Nor has he put forward any proposals for how the mortgage will be repaid, either by phone, via his daughter, or in writing, which I think he could've done.

Barclays is entitled to expect repayment of the mortgage once the term expires. And it expired some time ago. So, I don't think it's unreasonable for Barclays to now take formal action to have this mortgage repaid.

In summary, I don't think Mr T has engaged with Barclays to the manner in which he should've been considering that his mortgage term ended more than two years ago. Mr T has relied on his daughter contacting and dealing with Barclays, despite it not being authorised to discuss the account with her. Barclays has started to take legal action now to have the mortgage repaid, and I'm satisfied it's entitled to in the circumstances. I'd recommend Mr T contact Barclays himself as soon as possible, even if it's only to give his daughter the authority to deal with Barclays. And proposals for repaying the mortgage will need to be provided, otherwise it's likely further legal action will commence.

Mr T has also complained about the complaint handling process. However, the handling of a complaint is not a regulated activity within the Financial Conduct Authority's rules. This means that it's something I don't have the power to consider here. I do note though that the complaint has been raised by Mr T's daughter who, as I've explained, isn't a party to Mr T's mortgage. Because of this, I can understand why Barclays has not treated this in line with its complaints' procedure without authority from Mr T.

Lastly, Mr T's daughter has complained about the impact that this has had on her and her family, other than her father. As none of these people are party to this mortgage, they aren't customers of Barclays in relation to the mortgage complained about. And this means I can't consider the impact of Barclays actions on them.

My final decision

I understand Mr T and his daughter both feel very strongly about this matter. But my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 8 January 2024.

Rob Deadman
Ombudsman