

The complaint

Mr and Mrs L complained about what they said was a long-running series of errors made by Barclays Bank UK PLC. They said they only wanted to pay off and close their mortgage and the linked Mortgage Current Account (“MCA”) but Barclays had repeatedly failed to do this.

What happened

Mr and Mrs L had a mortgage, with a linked MCA, with Barclays. They also had some additional secured lending, which they’d taken out later. Barclays refers to this as a Home Improvements Loan (“HIL”).

Mr and Mrs L told us about a series of errors made by Barclays, when they asked it to close their mortgage and linked MCA. I’ll set out below what they told us happened.

They said this started in mid-November 2022, when Barclays first gave them the wrong figure to pay off just their mortgage and MCA.

They said Barclays then failed to apply their payment to the requested debts. It paid off the mortgage, then used the rest as an overpayment on their HIL instead of the MCA.

When they told Barclays about its mistake, they said the figures it gave on its letter about the mistake, dated 28 November, simply made no sense.

The remaining money was moved back to their MCA where they wanted it. This left their MCA just under £300 in credit, so they asked for the money to be moved to their current account, and the MCA to be closed. They said Barclays paid the money, but told them it couldn’t close the MCA because some interest was owed. They paid this, but no closing statements were received.

On 15 December, Mr L rang Barclays, spending an hour on the phone trying to finalise this issue and get closing statements for the two accounts. These still haven’t been sent.

On 6 January Mr and Mrs L got a letter acknowledging their complaint about the above errors. It read –

*Unfortunately, we’re still not in a position to share the findings of our investigation.
This is because [insert reasons here].
Thank you for your continued patience while we conclude our investigation. We’ll be
in touch again by [insert date].*

Mr and Mrs L felt this was deeply unprofessional.

Mr and Mrs L got a response to their complaint on 10 January, and they spoke to Barclays on the phone. They accepted £200 in compensation, because they’d understood the MCA would be corrected to zero, and their closing statements would be sent on.

Mr and Mrs L said when they got this 10 January letter from Barclays, there were lots of

errors. Its notes about a previous phone conversation didn't match the other documents it had sent them. Their main mortgage wasn't "maturing" as Barclays had suggested.

Mr and Mrs L then got a redemption statement showing their first mortgage still had a debt of just under £300, although they'd been repeatedly told this was at zero.

On 12 January 2023 Mr L rang to discuss the statement, and was told that as the complaint had been made by Mrs L, Barclays couldn't discuss it with him, although this is a joint mortgage between Mr and Mrs L. Barclays did say it could discuss the complaint with Mr L's son, although he is a minor and doesn't hold any accounts at Barclays.

On 13 January 2023, Mr and Mrs L visited a branch to discuss the mortgage in person. No one there could help. A phone call on the branch's phone line took an hour to be answered. When the phone was answered, the mortgage team couldn't explain what had gone wrong.

Mr and Mrs L then got a fresh statement for their MCA, saying it was 7 pence in credit. But on 23 February, Barclays said it couldn't close their MCA because the account was 7 pence in debt. Barclays offered £175 in compensation then, but Mr and Mrs L turned that down, because the matter still wasn't resolved. They then received a letter saying their MCA hadn't been closed because they wouldn't pay this outstanding debt (although their statement showed this wasn't a debt). And they still had no closing statement for the tracker mortgage.

Mr and Mrs L wanted Barclays to investigate, and work out why things had gone so wrong. They said they wanted the closing statements for their mortgage and MCA, showing zero balances. And they said the additional £175 offered wasn't enough to make up for all the mistakes Barclays had made, and all the time this had taken.

Barclays has issued two complaint response letters in this case. They say different things.

The first letter, dated 10 January 2023, said that Barclays had made mistakes in allocating the money that Mr and Mrs L had paid to redeem their mortgage. Barclays thought then that it had wrongly included an early repayment charge (which applies to their HIL) and a redemption fee when telling them how much to pay to redeem their mortgage.

This letter said Barclays had now moved the money where Mr and Mrs L wanted it, but said it thought it had then overcharged interest, because the same amount had been applied to their MCA twice. So Barclays said it would refund that, and it would pay £200 in compensation for its mistakes. But Barclays said then that Mr and Mrs L's MCA couldn't be closed, because they still had lending linked to that account, in the form of their HIL.

The second letter, dated 23 February, said the reason Mr and Mrs L's MCA couldn't be closed was because they wouldn't pay the outstanding debt of 7 pence. Once they did that, the account would close. And Barclays offered £175 in compensation.

When this case came to our service, Barclays said it had asked Mr and Mrs L to pay more than they needed to, to clear their main mortgage account. So it had paid the rest into their HIL. They wanted this to be used against the MCA debt instead, so Barclays did that. It then reopened the complaint, because Mr and Mrs L had been told they didn't owe anything on either their main mortgage or the HIL, and they did owe 7 pence.

Barclays said it would still pay the £175 it had offered in its second complaint response letter. And it thought a total payment of £390.04 was fair and reasonable compensation for what had gone wrong here.

Our investigator didn't think this complaint should be upheld. She thought that Barclays had

offered a reasonable amount of compensation for what had gone wrong here.

Mr and Mrs L didn't agree. They said our investigator had underestimated the number of mistakes that Barclays made. And this still wasn't resolved, as Barclays was still asking for payment of a debt they didn't owe. They said our investigator had included in his total compensation, money Barclays had refunded after overcharging them, which they didn't think was compensation. They didn't think the remaining £375 (including £175 which Barclays had recently paid) made up for all the time this had taken. They didn't think that the recent interest rises explained or excused the poor service Barclays had provided. They thought a figure closer to £750 would be more reasonable.

Barclays also contacted us, to say that the MCA was in credit by 7 pence, and that it couldn't close the MCA while Mr and Mrs L's HIL lending was still outstanding. This case then came to me, and I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

Mr and Mrs L supplied our service with a very detailed breakdown of the problems they've experienced, including numbered annexes as evidence. I thank them for that.

I'm aware that, in this decision, I've summarised the events surrounding this complaint in less detail than that provided to us. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure both sides that I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues.

Mr and Mrs L have told us they made a payment in branch, and asked Barclays to pay this money to their mortgage and MCA. That money wasn't paid to these accounts. As this was done in branch, I can't be sure that Mr and Mrs L were clear about where they wanted this money to go. So I don't know if this was a mistake by Barclays or not. However, it's clear that a number of mistakes followed this.

Barclays says the amounts it gave Mr and Mrs L to redeem their mortgage and pay off their MCA weren't right. It doesn't seem likely that this was because, as Barclays has suggested, it included the ERC and redemption fees from the HIL lending but didn't include the MCA lending, as these figures don't seem to match up. That wouldn't leave a surplus, the MCA lending was more than the sum of the ERC and the fees Barclays has mentioned.

It follows from the above that I don't think the explanation that Barclays has provided of this was helpful. And I note, as Mr and Mrs L have said, that the letter they received dated 28 November doesn't reflect the payment that was made to their HIL. It looks as if Barclays may have duplicated a transaction here.

I've seen the letter Barclays sent Mr and Mrs L on 6 January, to say it hadn't yet resolved their complaint. It is as they said, a template letter with sections simply not completed. So I can quite understand why this created such a poor impression.

I do think that, around 6 January, Mr and Mrs L were told that their MCA couldn't be closed, because it was linked to the HIL lending which was outstanding. I think this is why their account is still open. I think this is also likely to be why they haven't received a

closing statement for their mortgage either – because they still have secured lending with Barclays, and Barclays says this is all linked. But if indeed that is the case, I think Barclays could have explained the position with the mortgage to Mr and Mrs L, and could have told them at the outset that their MCA couldn't be closed yet. I also think it's unhelpful that after 10 January, Barclays seems to have reverted to telling Mr and Mrs L that their MCA would be closed, once the account was at zero. It won't be, while they are still paying off the HIL.

I don't think the explanation of errors that Barclays set out in its letter of 10 January is likely to be right, and I note the other errors in that letter which Mr and Mrs L told us about. The redemption statement of 9 January also doesn't seem to match the figures they were given.

Barclays also said then that it thought it had duplicated interest on Mr and Mrs L's MCA. I think that was likely to be the case, and I'm glad to see that Barclays refunded this. I don't think, however, that it has assisted the resolution of this case for Barclays to argue that this refund of wrongly charged interest is part of a compensation payment to Mr and Mrs L.

The redemption statement issued on 9 January suggests a different explanation for the figures Mr and Mrs L were originally given, to pay off their lending. That statement says that Mr and Mrs L still owe £289.97. That's around the same amount that they were told they'd overpaid by, and which was transferred by Barclays to their current account elsewhere. And I think it's likely to be the total of two other amounts I can see on the account – the interest of just under £15 which was charged on the MCA, and the redemption fee, of £275, which should only be charged once the second tranche of secured lending, in the HIL, was paid off.

So it may be that Barclays' explanation was partially right, and when it gave Mr and Mrs L an amount to redeem their mortgage and MCA, it didn't include the ERC which is payable on the HIL lending, but it did include a redemption fee which wasn't yet due. That would also explain why Barclays has now told us Mr and Mrs L's tracker mortgage has a zero balance.

It also looks like Barclays included in its figure to redeem the mortgage and MCA, some interest that was about to be charged on the MCA. But then Barclays forgot to alert Mr and Mrs L to this upcoming charge when it transferred the surplus to their current account.

Barclays then refused to discuss this complaint on a call with Mr L. I think this has been a joint concern from the outset, so I'm unclear as to why Barclays has reached the conclusion that it couldn't discuss this with Mr L. I think Mr L's frustration about this was likely to be increased because Barclays apparently would discuss the matter with his minor son instead. I can see that Barclays' own notes do confirm what Mr and Mrs L have said about this.

In their final attempts to resolve this issue, Mr and Mrs L were told that their MCA was 7 pence in debt, when their documents clearly show it was 7 pence in credit. Barclays now accepts this account is in credit. Barclays also reverted at this point to telling Mr and Mrs L their MCA could be closed when the balance was cleared. We know now it can't be closed until their HIL is also paid.

I think it is worth noting at this point that Barclays has since told us Mr and Mrs L's tracker mortgage does now have a zero balance. Their MCA is 7 pence in credit. And their HIL remains open.

I recognise that much of the above represents my view of the evidence in what has unfortunately been a shifting picture throughout this complaint. Barclays is welcome to comment further on my provisional conclusions above.

In closing, I'd like to say that I know Mr and Mrs L wanted to find out why things had gone so wrong here. I'm sorry that I haven't been able to tell them why these mistakes have been made. But I have been able to see that a considerable number of errors have been made, and on occasion Barclays' attempts to put right mistakes just seem to have resulted in more mistakes. I can well understand just how deeply frustrating Mr and Mrs L have found this.

I think here I have to recognise the sheer number of mistakes made, and the length of time this has taken. So, in this case, I think that the total amount Mr and Mrs L have suggested as compensation, of £750, would provide a fair and reasonable amount to resolve this matter, which seems to me to be quite a long series of linked complaints.

I understand Barclays has already paid some money for this matter, so I will allow Barclays to count towards my award, the two payments it has made, of £200 and £175. But it may not count towards my award, the refund of overcharged interest it also made. My provisional decision would require Barclays to pay £375 now.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

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.

Barclays said it had nothing to add, and it would accept my decision.

Mr and Mrs L said they'd had a statement from Barclays which said their mortgage was in credit by 1 pence. They hadn't received a statement for their MCA, so could only assume it was still 7 pence in credit. Mr and Mrs L said they would also like up to date statements from Barclays, showing a zero balance on both their mortgage and MCA. They wanted the balance brought to zero on both of these accounts even if that meant Barclays transferred the outstanding balance to its own accounts.

I don't know if Barclays will be able to provide these statements showing a zero balance now, as well as to maintain a zero balance on both accounts until the HIL is also paid off. And if I pause now to require Barclays to do this, that would delay the resolution of this complaint for Mr and Mrs L. So I won't require Barclays to do this as part of my decision. If the amounts showing on these accounts do continue to fluctuate, and that causes Mr and Mrs L inconvenience, then they can address that issue with Barclays in future.

For the above reasons, I haven't changed my mind about the appropriate resolution in this case. I'll now make the decision I originally proposed.

My final decision

My final decision is that Barclays Bank UK PLC must pay Mr and Mrs L £375 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs L to

accept or reject my decision before 11 January 2024.

Esther Absalom-Gough
Ombudsman