

The complaint

A company which I'll call 'P' complains that Barclays Bank UK Plc treated them unfairly when it didn't remove a charge over their property as expected or make them aware this was outstanding.

The complaint is brought on P's behalf by one of their directors, Mr M.

What happened

P held a mortgage and Bounce Back Loan (BBL) with Barclays, who in turn held a charge over their commercial property.

P told us:

- Barclays had delayed removing the charge which they thought had been removed in September 2021 when they'd repaid their mortgage.
- They weren't aware the charge was outstanding until they sold the property, and the sale was looking to complete. Barclays then said the charge wouldn't be removed until P had also repaid the BBL.
- It was unfair of Barclays to request repayment of the BBL which was a government backed loan, however even if it had been the case, the bank could have requested this be repaid from the sale of the property which was significantly more than the BBL.
- The overall service they'd received from Barclays including throughout their complaint had been poor. They'd incurred additional legal and business fees due to the sale completion being delayed for a month and the directors had been caused distress.

Barclays told us:

- It agreed there had been a delay in removing the charge from P's property as a result of them not being told the BBL would have to be repaid for this to be removed.
- Once the charge had been investigated, the bank took the decision to request the BBL be repaid before the charge was released as it looked like P was no longer trading.
- It had apologised for not telling P quickly enough that the BBL needed to be repaid and for the poor service they had received and offered £500 compensation for the inconvenience caused and towards the additional fees P had incurred.

Our investigator didn't recommend the complaint be upheld. She thought that it was reasonable that Barclays hadn't removed the original charge as it was an 'all monies' charge and would remain in place whilst P owed any money to the bank. However, she thought that Barclays should have made it clearer sooner that P needed to repay their BBL to remove the charge. But she thought that Barclays offer of £500 compensation for the inconvenience caused was enough to put things right.

P didn't agree. They said that Barclays had been aware from the outset that they were selling the building and wouldn't require any borrowing facilities going forward. They also

said it wasn't reasonable that the bank took so long to make them aware of the issue and that they could have repaid the BBL as a condition of the sale. P said the compensation wasn't enough and provided evidence of the expenses they said they'd incurred as a result of the bank's error and asked for an ombudsman to review their complaint.

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.

Mr M says that it's unfair Barclays didn't release the charge over P's property in September 2021 when the mortgage was repaid – given that the BBL was a government backed loan. But I don't agree. I say this because, I've seen evidence from Barclays which shows that it isn't part of the bank's process to automatically release charges held over security – regardless of the type of charge held. The request is usually submitted by the customer and removal of the charge will depend on if the security is still required – as it was in this case – as a guarantee against any other lending held by the bank.

I recognise Mr M feels it was unfair that Barclays requested that P repay the BBL before it would release the charge over the property, but I don't agree. I say this because I've listened to the call between the bank and P's legal team in April 2022, I'm satisfied that the bank made it clear that the release of charges held by the bank was on a 'case by case' basis and subject to a review of the individual circumstances, which is why on the call it requested an email from P to review this. It's a commercial decision the bank is able to take in deciding whether or not to release a security charge whilst lending of any kind is still outstanding, and also when it chooses to do so i.e. before the sale rather than as a condition of the sale. So I can't reasonably say Barclays acted unfairly here.

Mr M also says that Barclays didn't contact him after he'd sent an email on 13 April 2022 requesting that the charge be removed from P's property and didn't reply until after 12 May when he chased again. However, I've seen a copy of the email that was sent to the bank and the email address for 'Barclays' was spelt incorrectly, which means the bank wouldn't have received the email. Mr M says that this error was due to the bank giving incorrect details, however on the call between Barclays and P's legal team, I heard that the information was correctly provided on several occasions. I also haven't seen any evidence that any other correspondence was sent to Barclays during that month period, so I can't reasonably hold it responsible for not replying in a timely manner to correspondence it didn't receive or for an initial error with the email address which it didn't cause.

Mr M told us that the directors had been caused distress and inconvenience due to Barclays actions. But this complaint has been brought on P's behalf, so P is the eligible complainant. This means that I can't look at any distress or inconvenience caused to the directors in a personal capacity. Limited companies like P, as corporate bodies rather than individuals, are not capable of suffering distress, which means I can only look at the inconvenience caused to P by Barclays' actions.

I don't dispute there has been an impact here, but I do have to consider that the delay P says they suffered wasn't fully a result of errors caused by Barclays. I agree that Barclays could have told P more quickly that it wanted the BBL repaid before completion, but I'm not persuaded this led to the additional costs which P says they have incurred. Therefore given all the circumstances of P's complaint, I think £500 is fair compensation for the inconvenience caused.

Putting things right

I think it's clear that Barclays handling of P's charge removal request caused them inconvenience. To put things right I think Barclays should pay P the £500 compensation it has already offered.

My final decision

Barclays Bank UK PLC has already made an offer to pay P £500 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Barclays Bank UK PLC should pay £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 2 October 2023.

Jenny Lomax
Ombudsman