

The complaint

This complaint's about a mortgage Mrs R used to hold with Barclays UK Plc. It relates to how Barclays treated her when the mortgage was approaching the term end in 2019.

What happened

The broad circumstances of the dispute are known to Mrs R and Barclays. I'm also aware that the investigator issued a comprehensive response to the complaint, which has been shared with all parties, and so I don't need to repeat all the details here.

Our decisions are published, and it's important that I don't include any information that might result in Mrs R being identified. Instead I'll give a brief summary of the main events giving rise to the complaint and then 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.

Mrs R's mortgage was interest-only, and due for repayment in late 2019. Mrs R's intended means of repaying the capital was by selling the mortgaged property, which was not her main residence. Mrs R wanted to carry out some refurbishment work before putting the house on the market, in order to maximise its value. However, she didn't have funds available for the refurbishment.

In a meeting at her local branch, Mrs R asked for a term extension to allow her to complete the refurbishment; this was turned down, so Mrs R took out a lifetime mortgage on another property and repaid the Barclays mortgage. She subsequently complained after a member of Barclays' staff apparently told her that it could have helped her with a term extension. Mrs R is seeking to be reimbursed the fees she paid for the lifetime mortgage, which are just under £5,000.

Our investigator didn't recommend the complaint be upheld.

Mrs R also told us that her ability to carry out the refurbishment was hindered by Barclays deliberately delaying paying her a compensation award for the mis-selling of PPI. Our investigator said he couldn't consider that aspect because Mrs R hadn't raised it in time. Mrs R remains unhappy so the case has come to me for review. In a decision dated 28 June 2022, I determined that our jurisdiction to consider this complaint was confined to refusal to grant a term extension in 2019. The PPI element was time-barred under our rules and therefore outside our jurisdiction.

What I've decided – and why

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.

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've set out my conclusions and the reasons for them below.

My starting point here is that Mrs R borrowed money from Barclays, and under the terms of her agreement with Barclays, was due to repay the money in September 2019. No one is entitled to borrow money; and even when they've borrowed before, they're not automatically entitled to more time to repay the debt after it has fallen due. But a lender must treat customers fairly. In the context of an application for a term extension, that means assessing it in accordance with the bank's lending criteria and being mindful of what mortgage regulation requires of it. Lenders' criteria are commercially sensitive and not generally made public.

Where someone *cannot* repay an interest-only mortgage when it's due, then we'd expect the lender to have a conversation with the borrower about their circumstances, and try to work out a plan for repaying the mortgage. If that means providing more time, then fairness requires a lender to consider doing so. But Mrs R wasn't someone who couldn't repay her interest-only mortgage.

Mrs R had the means to repay the mortgage when it was due, by selling the mortgaged property; and doing so would not have deprived Mrs R of her home. Rather, the available evidence indicates that she didn't *want* to do sell, rather than that she *couldn't*. Mrs R has admitted she wanted to maximise the sale price by carrying out refurbishment work first. I understand why she'd want to do that but I don't consider it a reason why Barclays should have been required to extend the mortgage term for an indeterminate amount (Mrs R has said she would have liked anything from one to three years).

If Mrs R had wanted to refurbish the property before selling, then Barclays was reasonably entitled to expect her to have completed the works at an earlier date, thus allowing the property to be sold in time for the mortgage end date, or at least soon after provided it was being actively marketed. I say this not least because the expiry of the mortgage, and the need to repay it when due, should not have come as a surprise to Mrs R. She'd had the entire life of the mortgage to prepare for repaying the mortgage when it was actually due.

Mrs R told our investigator that she'd been unable to fund the repairs before the mortgage ended. That may be so, but I don't think her desire to maximise the selling price was enough to justify not complying with the terms of the contract she'd entered into when she borrowed the money.

I agree with the investigator to some degree, that it might have been helpful if there'd been a more detailed discussion about the alternatives available to Mrs R other than a term extension, and what might be in her best interests. But I don't think anything different would have happened if such a discussion had taken place. That's because the overriding point here is that Mrs R *did* have alternatives to a term extension. One of those was to sell the mortgaged property as it was. Another was to source funding elsewhere to repay the mortgage, and that was the option she chose. That came at a cost – approximately £5,000 to set up the lifetime mortgage – but it was Mrs R's choice to incur those costs.

Mrs R has said Barclays could have taken her husband's financial resources into account when considering whether to grant the term extension. But I wouldn't expect Barclays to have factored the financial situation of Mrs R's husband into the assessment it made. Mrs R's husband wasn't a party to the mortgage, and hadn't given a personal covenant to pay the mortgage. So Barclays would have had no recourse against him in the event the mortgage wasn't repaid. Nor was it incumbent on Barclays to offer unsolicited advice that Mrs R's husband apply to become a party to the mortgage as a means of extending it.

In summary, the decision not to extend the term was a commercial judgement for Barclays to make. Insofar as the decision wasn't inconsistent with the bank's lending policy and current regulatory requirements, there's no reasonable grounds for me to second-guess Barclays' judgement. I fully understand that Mrs R found the decision unwelcome, but it wasn't *unfair*, and that is the test I have to apply.

Lastly, I've considered Mrs R's claim that, subsequent to her paying the mortgage off, a representative of Barclays told her that the bank would have been willing to extend the mortgage after all. There's nothing in the available evidence to corroborate this. I've seen examples of printed literature where it's explained that term extensions can be granted in certain circumstances, and that's true in general terms.

What I've not found, in any of the material both sides have provided, is evidence to suggest someone working for Barclays specifically told Mrs R that *her* mortgage should have been extended, and that the decision not to do so was wrong. Even if someone did say that to her, all it would have done is raise her expectations to an unreasonable level after the fact. As I've already found, the decision Barclays made in 2019 not to extend the mortgage wasn't unfair.

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 from her submissions how important this is to Mrs A. That's a natural reaction, and entirely understandable when you're as close to a situation as she is here.

But I have a different remit. I have to be objective, and impartial, and sometimes that means stepping back from the fine detail, taking an overview and deciding what is fair, reasonable and pragmatic in all the overall circumstances of the case. It also means that I'm not required to provide answers to every specific question that comes up if I don't consider doing so will affect the overall outcome. Having done that, and having considered everything that both parties have said and provided, I don't find that Barclays has treated Mrs R unfairly.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 31 July 2023.

Jeff Parrington
Ombudsman