

The complaint

Mr and Mrs H complain that Barclays Bank UK PLC did not tell them that their mortgage payment went up. As a result their mortgage fell into arrears.

What happened

Mr and Mrs H have a mortgage with Barclays. In 2014 they moved abroad and obtained permission to let the property. In 2015, they moved back to the UK. They said they told Barclays.

In 2020, Barclays wrote to Mr and Mrs H at their UK address. But subsequently it continued to write to their non-UK address. As a result, Mr and Mrs H did not know their mortgage payments had gone up and they weren't paying enough to their mortgage. They found out when they noticed their credit scores had gone down. And Barclays won't agree a new interest rate product because of the arrears.

I issued a provisional decision. My provisional findings, which form part of this decision, were:

I don't consider Barclays has treated Mr and Mrs H fairly. In saying that, I think Mr and Mrs H must share some responsibility for their situation.

We don't have any evidence that Mr and Mrs H told Barclays that they had moved back to the UK in 2015. But we have evidence that they wrote to Barclays in 2020 from their UK address – and Barclays replied to that address. Barclays was on notice that Mr and Mrs H were in the UK and staying at the mortgaged property. I consider it would have been good practice for Barclays to acknowledge that and explain what they needed to do to change their correspondence address. I consider it likely that if it had done so, Mr and Mrs H would have changed their address.

Importantly, the letter stated "if your contact address is different from that shown on this letter please, please contact our helpline". So Mr and Mrs H had no reason to consider that Barclays held the wrong address – it had told them they only needed to do so if their address was different to that on the letter. And the address on the letter was the UK address.

Barclays has told us it has a set process that needs to be followed to change an address. Surprisingly it hasn't told us what that is, other than customers might be able to do it by phone or might need to go to a branch. And even when Mr and Mrs H complained about this matter, that still wasn't enough for Barclays to amend the address. I think it would have been reasonable for it to do so at that point – or at least do more to assist Mr and Mrs H. It meant that Mr and Mrs H missed other important letters from Barclays.

So I don't think that Barclays has treated Mr and Mrs H fairly. The only communication Mr and Mrs H received from Barclays during that time would reasonably lead them to conclude that the UK address was the contact address. And it should have done more in 2020 to recognise they were in the UK and tell them what they needed to do to change their address.

If it had done so, they would have amended their address and would have received communication from Barclays.

In saying that, it ought reasonably to have been clear to Mr and Mrs H that other than a few letters in 2020 they hadn't received anything from their lender since 2014 – so almost ten years. They knew they had a variable interest rate and there was great deal of publicity about increases in the Bank of England base rate and mortgage interest rates from 2022, yet they did not take any steps to find out the position of their mortgage.

I understand Mr and Mrs H maintained payments to the mortgage each month – albeit for lower than needed because they were unaware their payment had gone up. And they have cleared the arrears. So it was not that they couldn't pay, it was that they didn't know their payments had gone up. In the circumstances, I consider Barclays should remove any adverse information from 2020 to date from Mr and Mrs H's credit files. It should also backdate the interest rate change to May 2023 and refund the additional interest Mr and Mrs H have paid since then with interest at 8% simple per year from the date of each payment to date of settlement. If the comparable interest rates available in May 2023 were cheaper than the rate Mr and Mrs H chose in August 2023, they should be switched to the lower interest rate.

Barclays should also calculate how much interest Mr and Mrs H would have paid had they paid the correct amount each month from May 2020 until date of settlement and refund the difference between the correct amount of interest and the interest they have actually paid. That is to reflect that Mr and Mrs H would have paid more interest because of the arrears.

I'm awarding Mr and Mrs H £150 for the stress and inconvenience they've suffered. That is not intended to compensate them for the issue with the address. As I said, I think they ought to have realised something was wrong much sooner than they did. But once they told Barclays about what happened Barclays did not handle it properly – it continued to write to the non-UK address, making things worse than they needed to be. That was avoidable and has caused Mr and Mrs H more trouble than it should have to resolve.

Mr and Mrs H accepted my provisional conclusions. Barclays responded to say that it needed more time. We asked it why. It said:

The reason why we need more time before we can provide you with a response is because point 1 of the provisional decision says "remove any adverse information recorded on Mr and Mrs H' credit files in relation to this matter from April 2020 to date" At the moment they've not agreed to cleanse the credit file. I'm gathering more evidence/arguments together in favour of the customers. Then they will review again and provide a decision. I know this could take up to another 1-2 weeks due their time frames.

Now if I can successfully remove the arrears I can then address the second point of the provisional decision and see if there were any cheaper rates available to the customer in May 2023. I can only get an agreement to switch to a cheaper rate and back date it if I can get the credit file removed, as this will then prove a bank error.

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.

Under our rules it is for me to fix (and extend) time limits for any aspect of the consideration

of the complaint. If a respondent fails to comply with the time limit I can proceed with the consideration of the complaint.

When Barclays asked for more time, we asked it why it needed more time and the steps it had already taken to respond. Its reply is set out above. It appears to be saying that one department agrees with my findings but another department doesn't. It needs to put together a case to another department for it to agree to my provisional findings. But it did not explain what steps it had already taken or why it needed more time other than its own "timeframes". That isn't sufficient reason for me to agree to an extension.

In view of that I see no reason to change the conclusions I reached in my provisional decision.

My final decision

My final decision is that Barclays Bank UK Plc should:

- Remove any adverse information recorded on Mr and Mrs H's credit files in relation to this matter from April 2020 to date.
- If there was a comparable interest rate product available in May 2023 that was cheaper than the interest rate product Mr and Mrs H took, switch them to the cheaper product.
- Backdate the interest rate switch to May 2023 and refund Mr and Mrs H the difference in interest – with interest at 8% simple per year from date of each payment until date of settlement. If Barclays considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs H how much it's taken off. It should also give Mr and Mrs H a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.
- Calculate how much interest Mr and Mrs H would have paid had their monthly payment been made in full and on time from May 2020 until settlement. Refund the difference between that amount and the interest applied to the mortgage.
- Pay Mr and Mrs H £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 1 May 2024.

Ken Rose
Ombudsman