

## **The complaint**

Mr A complains that Barclays Bank UK PLC unfairly recorded mortgage arrears on his credit file.

## **What happened**

Mr A has an offset mortgage with Barclays. He also has a mortgage current account. This allows Mr A to borrow in the form of an overdraft secured on his property.

Mr A made monthly mortgage payments by standing order. He says when interest rates increased in late 2021 he called Barclays regularly to ask what his next monthly payment would be. He says he was told he didn't need to change his standing order.

In late 2022 Mr A received a letter saying he'd missed a payment. He called Barclays which said no payments had been missed but there was a shortfall, which Mr A paid. Mr A says the same thing happened the following month. He called Barclays and set up a direct debit for his mortgage payments.

Barclays recorded a missed payment on Mr A's credit file in late 2022. Mr A says he's had to resign from a company directorship and it will be more difficult and expensive to re-mortgage and take out other credit. He provided evidence of a mortgage application being declined because of the adverse data. Mr A says Barclays can see that he had money available in his account for the payment.

Our investigator said Barclays sent monthly statements to Mr A and letters when his monthly mortgage payment changed. Our investigator said Mr A made underpayments which resulted in arrears, and it was correct for this to be recorded on Mr A's credit file. Our investigator said Barclays should have told Mr A how the arrears had come about when he first called in late 2022. He said Barclays should pay £100 for the upset caused by not doing so, which it agreed to do.

Mr A didn't agree and asked that an ombudsman re-consider the 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 A has to make monthly payments (the contractual monthly payment or CMP) into his mortgage account. Barclays sends letters to Mr A when his CMP changes, such as when interest rates increase.

Mr A made his mortgage payments by standing order. He made underpayments in early 2021. However, he had a credit on his mortgage account which Barclays used to cover the underpayments. Barclays wrote to Mr A in May 2021 telling him this. The letter also set out the CMP and suggested Mr A set up a direct debit. Mr A continued to make underpayments and the credit was used up by April 2022.

Although Mr A didn't increase his standing order payment, he did make additional payments in mid-2022, which brought the account into credit. This credit was used up by late 2022.

In late 2022 Mr A received a letter from Barclays saying he'd missed a payment. He says he had to speak to Barclays several times to find out what the problem was. Barclays says the first call handler wasn't able to explain what had happened and raised an internal task to confirm this. Mr A says if he'd been given correct information he'd have made the payment. He says the incorrect or unclear information on the calls overrode the correct information sent to him previously.

It was unfortunate that Barclays didn't tell Mr A immediately what the problem was when he called in late 2022. But the letter Barclays sent to Mr A in December 2022 set out the payment amount owed. And I think Barclays had sent Mr A enough information before this for him to have taken steps to avoid the account falling into arrears.

Barclays sent copies of the letters it sent to Mr A in 2022 when his CMP changed. It wrote to him in February, March, October and November 2022 telling him his CMP would increase from the following month. These letters set out the CMP and said this had increased because of the higher interest rate, which was also set out in the letters.

Mr A says he wasn't given enough information to make the right payments into his mortgage account and MCA. Mr A has an offset mortgage, which means the amount due is adjusted by the amount of interest accrued on any offset accounts in the previous month. So the amount Mr A needed to pay could be different from the CMP. He says the monthly offset statement only tells him what he's saved and doesn't tell him what the payment refers to. He sent a screen shot of part of a letter with the heading "Your mortgage payment" under which it said "Your next monthly payment will be £305.97."

I'm sorry Mr A found this unclear. Nonetheless, Barclays did write to Mr A a number of times in 2022 saying the CMP and the interest rate had increased – the new interest rate and CMP were both set out in these letters. Barclays told Mr A he was making underpayments and it was using credit on the account to cover the underpayments. I think Barclays made Mr A reasonably aware he needed to increase his mortgage payments.

Barclays sent copies of the annual mortgage statements dated October 2021 and October 2022. These show that Mr A's monthly payments didn't increase to match the new CMP.

Mr A sent a copy of his credit report that shows Barclays recorded mortgage arrears of one month in late 2022. I appreciate that this could cause difficulty for Mr A when applying for credit and in other matters. But Barclays has to record accurate and up to date information with the credit reference agencies. Mr A's account was in arrears and this was due to him making underpayments over a period of time. I don't think it was incorrect for Barclays to record this, and I don't think I can fairly require it to remove the adverse data.

### **Putting things right**

Barclays agreed to pay £100 compensation. This is for the upset caused when it didn't immediately explain to Mr B why it had sent a letter saying a mortgage payment had been missed and how the arrears had come about. I don't agree that the correct information Barclays had previously sent to Mr A was over-ridden by any unclear information on the calls. But this did cause additional upset to Mr A. I think £100 is fair and reasonable compensation for the additional upset.

**My final decision**

My decision is that Barclays Bank UK PLC should pay £100 to Mr A.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 22 January 2024.

Ruth Stevenson  
**Ombudsman**