

The complaint

Mrs B and Mr K complain that Barclays Bank UK PLC has treated them unfairly when it failed to provide a refund from their mortgage in a timely manner and they've lost out as a result.

What happened

Mrs B and Mr K requested a refund from Barclays for a full prepayment balance on 18 March 2023. The refund total was £43,814.51. Barclays actioned this request on 20 March 2023 but the payment was returned from the receiving bank. Barclays has said it is unable to ascertain why it was returned but it was.

On 29 March 2023, Mrs B and Mr K contacted Barclays to explain the refund had not been returned as expected. Barclays asked if evidence of the receiving account could be provided to show the funds had not been returned. The refund was not reissued successfully until 14 April 2023.

Barclays looked into Mrs B and Mr K's complaint about the refund and treatment they received. It said there was no bank error made when the initial refund request was handled as this was sent within 2 days of the request being made. But when this was returned and Mrs B and Mr K needed to question where this was, they felt things could have been better. It apologised if it caused upset when asking for confirmation of the initial payment not being received. To recognise the distress and inconvenience caused it offered £200.

To recognise the delays in the refund being reissued, Barclays offered to pay 8% simple interest on the balance of the refund from when it should have been returned until it was sent again. It used the date the payment was initially sent, 20 March 2023, until when the amount would have likely credited Mrs B and Mr K's account on 17 April 2023. It said it would pay £268.88 less tax at 20% (£53.77). It asked that Mrs B and Mr K let Barclays know if they wished to accept this offer.

Mrs B and Mr K didn't think this was fair and they explained they intended to put the refund into their ISA account and when this was delayed, they lost the ability to do this for the 22/23 tax year. They felt Barclays should increase its offer to compensate for lost opportunity here and future returns. They said a cash ISA was paying 4.32% at the time compared to an interest rate of 1.58% on their mortgage, so they'd lost out on over £1100 in interest and as the ISA is a lifetime product, they will have lost this benefit permanently.

Our investigator looked at this complaint and didn't think Barclays needed to do anything else to put things right. Mrs B and Mr K had said they use their annual ISA allowance in full each year and wouldn't be able to put in the money for the previous year. The money had instead been placed in an ETF which they said was paying around 17.89% as a return. Our investigator thought because Mrs B and Mr K were earning more on their funds than they would have had the money been put in the ISA, as highlighted in their complaint form, even after tax was deducted, there was no financial loss. She also thought the amount offered for distress and inconvenience was fair and reasonable and she didn't think Barclays needed to increase this.

Mrs B and Mr K responded to say they don't pay into a cash ISA each year, instead they use all of their ISA allowance to pay into a stocks and shares ISA. They didn't think using the cash ISA rate they had previously highlighted as a comparison rate was a fair way to assess any loss and they asked that our investigator look into this again.

Our investigator asked for details of the current ISA accounts Mrs B and Mr K have to show they have paid in the maximum account for the previous years and confirmation that they will continue to do this without the mortgage refund money. Mrs B and Mr K felt it was unfair that this further evidence was being asked for and it was demonstrating a bias to the business when their word was not taken on the matter. They haven't provided anything to demonstrate the ISA accounts they hold and because our investigator's opinion remained unchanged in absences of anything else, the case has been referred for decision

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.

I've decided not to uphold this complaint for much the same reasons as our investigator. I know Mrs B and Mr K will be disappointed by this, but I'll explain why I've reached this decision.

It is not disputed that Barclays could have done more to inform Mrs B and Mr K that their refund was returned after it was first sent and it did not resend this as quickly as it could have. The question is whether the actions taken by Barclays to put things right are fair.

Mrs B and Mr K have said they use their ISA allowance in full each year and when the refund from Barclays was not received before the end of the tax year, they lost the ability to pay this into their ISA. In their complaint form they provided details of a cash ISA rate as the rate for comparison against which they said they have worked out their loss. Our investigator used this rate for a comparison against the interest earned with the money now, again based on information provided by Mrs B and Mr K.

Our investigator felt that because the return on the money was now considerably higher than the cash ISA savings rate Mrs B and Mr K provided as a comparison, she was satisfied there was no financial loss. As even after tax is allowed for, the income is greater than what would have been achieved in the cash ISA.

Mrs B and Mr K said in response to the investigator assessment that they invest in stocks and shares ISA as this is more appropriate for their circumstances. Our investigator asked for evidence of the of the ISA accounts they have as well as the information to show these have regularly had their full annual allowance paid in. Mrs B and Mr K have not provided anything to demonstrate this. I agree that in the absence of anything to demonstrate otherwise, I am not persuaded that Mrs B and Mr K have lost out.

While I understand that Mrs B and Mr K feel it is unreasonable to ask for evidence of their ISA's, this is something that is needed to determine whether there is a loss. As the information they've provided initially indicates this is not the case. This Service relies on information to be provided by both complainants and respondents to set out any complaint made and response to this. And the expectation on evidence to be provided would be the same on either party.

Based on what I've been provided, I am not persuaded Mrs B and Mr K have lost out with the delay in their refund being sent and received. They have said the funds are currently invested in a product earning more than they would have if the money was in the cash ISA

they highlighted. They have failed to show this Service that they would have otherwise invested these funds into another product, nor have they shown they are unable to put this money into their ISA's now.

I think Barclays has acted fairly when it added interest to the refund amount after it was identified that it didn't resend this as quickly as it should have. And I am satisfied that the award offered for the distress and inconvenience is fair. Barclays has recognised it added to the impact of this error and caused upset when it asked Mrs B and Mr K to evidence the payment had not been received when it had access to confirm if this had been returned. So this was something it could have evidenced without adding inconvenience to Mrs B and Mr K. It also failed to reissue the refund as quickly as it could have, adding further distress with the delay. £200 in recognition of these failings is in line with an award I would have made and I don't think this needs to be increased as a result of this.

Overall, I think the offer previously made by Barclays to put things right with this complaint is fair. If Mrs B and Mr K wish to accept this previous offer, they will need to ask Barclays to now pay this, if it hasn't already done so.

Based on the information provided by Mrs B and Mr K about their plans for the refunded money, I am not satisfied they have lost out. So I see no reason to ask Barclays to cover any further financial loss as a result of the delay as this has not been demonstrated.

My final decision

I don't uphold Mrs B and Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr K to accept or reject my decision before 9 February 2024.

Thomas Brissenden
Ombudsman