

The complaint

Mr E complains that Barclays Bank PLC failed to update his address on their system following on from an acrimonious divorce, which meant they didn't inform him that the mortgage interest rate on their joint mortgage was coming to an end.

What happened

Mr E said he separated from his wife in September 2019 and moved into a different property which he said had been registered with Barclays since May 2021. To keep anonymity, I will refer to this property as 'property 2'. He said that he realised at this time that Barclays had stopped taking mortgage payments from their joint account.

Mr E said he contacted Barclays and was told that a payment holiday had been granted on the mortgage by his estranged wife and he said he explained to Barclays that he didn't want this, and he wanted to continue with the mortgage payments – which he said he did. Mr E said that Barclays had put a freeze on their accounts because of the dispute between him and his wife. Mr E said he transferred all his remaining direct debits and mortgage payments from two of the Barclays accounts, to an account he held with another bank – so he could continue to service his liabilities.

Mr E said he gave Barclays the address of where he was staying which appears to be 'property 2'. He said that Barclays failed to update one point of contact which meant that the letter which was meant to be sent to him regarding the mortgage interest rate changing, had in fact been sent to his old address – which I will refer to as 'property 1'. He said this letter was dated 2 November 2022 which he had not received at his address.

Mr E said that in December 2022, he realised that Barclays attempted to take the new increased direct debit payment which was returned unpaid.

Mr E said he contacted Barclays and he was told about the increased mortgage payments and that the letter had been sent to the wrong address. He said it was at this point that Barclays added 'address 2' to their system.

Mr E said he told Barclays that he wanted to transfer the mortgage to a lower interest rate. He said he wanted a 2-year tracker which at the time was 0.24% above the Bank of England Base Rate ("base rate") and arrange for the £999 product fee to be added to the mortgage.

Barclays told Mr E that they couldn't do this without his wife's permission and because the mortgage was in arrears, the arrears needed to be cleared first.

Mr E said he disputed the amount that the mortgage was in arrears by and said that he was behind because Barclays didn't update his address – so he didn't know the mortgage was increasing. It was at this point that he raised a complaint.

Mr E explained that he was suffering from ill health and still hadn't heard anything from Barclays by March 2023. Mr E said he then received a letter from a field agent requesting a meeting to be held on 13 April 2023 to discuss the mortgage. Mr E said he thought this was in response to the complaint he had raised, but it was in fact to do with the arrears on the mortgage as Barclays were unable to make contact with him. Mr E said he hadn't received any letters from Barclays other than a telephone call where he told them he was unable to speak.

Mr E said he then went to a local branch where he was handed letters which were sent to 'property 1'. He said he was told that his complaint hadn't been logged and the branch staff said they would chase this up for him. Mr E said he was contacted by Barclays to agree a suitable time to discuss the complaint and was then sent another text message saying the complaint was closed.

Mr E said that he has sufficient equity in his property which is now on the market but due to the current climate, it hasn't been sold and he is unable to secure a new interest rate or re-mortgage to another lender because his credit score has been impacted. He would like his credit file to be amended.

Barclays sent their final response on the matter in June 2023. They said that a letter was sent on 17 August 2022 informing him that the mortgage product was due to end in October 2022. And that a further letter was sent on 2 November 2022 confirming the new payments. They also said that there haven't been any mortgage payments made to the mortgage since December 2022.

Barclays said it's the responsibility of both parties to a mortgage to ensure that payments are kept up to date and both parties are liable for any arrears on the mortgage.

Mr E didn't agree with Barclays, so he brought the complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. The investigator didn't uphold the complaint. In summary he said that Barclays should have written to Mr E at his new address however, a letter was sent to the other party so they would have been aware the mortgage product was coming to an end. He said that both parties are liable for the mortgage and at least one of the parties were aware - so he couldn't hold Barclays responsible for this.

The investigator also didn't think it was unreasonable for Barclays to ask for the consent from both Mr E and his wife and didn't think it was unreasonable for Barclays to ask that the arrears were cleared on the mortgage before entering into a new rate. He said that there hadn't been any mortgage payments since November 2022 so he was satisfied that Barclays were entitled to report this to the credit reference agencies.

Mr E disagreed with the investigator. He made the following comments:

- If he had known the rate was going to go through the roof, he would have switched rate and carried on paying.
- He told Barclays that his new address had a mail divert from property 1 to property 2.
- He contacted Barclays straight away to resolve the issue and he was asked by Barclays if there were any issues in paying the mortgage – and he told them about a serious operation after an injury.
- This didn't stop him from trying to get Mrs E to agree to a rate switch which took time and he tried to resolve the issue with Barclays – only for them to have failed to update his details.
- Each time he tried, he was told to pay the increased disputed arrears and agree to a higher fixed rate as the market was now more volatile. Mr E said he disputed the arrears and the interest rates offered due to not being notified about the increase as he could have got a more favorable rate.
- Barclays were trying to profit from this situation, so he raised a complaint which was ignored. He wanted a new interest rate in December 2022, but Barclays refused as they couldn't get hold of Mrs E.
- If he was given sufficient notice about the rate increase, he could have changed rates.
- Because of the disputed arrears, he is tied into more than one mortgage that has come to the end of its rate with the inability to remortgage, costing him thousands of

pounds.

- He is forced to sell one of his flats because of this.
- If he cannot get this error resolved and his credit rating restored, he will be forced to sell his current home, again paying unnecessary fees.

Mr E said he has made sure that Mrs E is going to clear all arrears with the sale of property 1 – by including this in their final court order that has forced her to sell the house if she could not pay.

He wants Barclays to acknowledge their error in not updating his details which has caused this entire situation, so he can restore his credit rating.

He accepts that Mrs E may not have taken any notice of the letters sent but he also holds Barclays responsible for not letting him know about the rate change at his address.

The investigator responded to Mr E's points, but he still didn't accept what he had said and asked for the complaint to be reviewed by an ombudsman. So it has been passed to me to decide.

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 taken into consideration everything that Mr E has said, and I know he feels very strongly about his complaint. He has provided detailed comments in support of his views which I can confirm I've read, understood, and considered in reaching my decision. However, I trust that Mr E will not take it as a discourtesy that my findings focus on what I consider to be the central issues and are expressed in considerably less detail. I am required to determine what is fair and reasonable in all the circumstances of the case and as such, I have concentrated on the key points in order to determine a fair and reasonable outcome.

The crux of the issue here, is that Mr E has a joint mortgage with his wife and who I understand are living at separate addresses. The interest rate on their mortgage was due to come to an end and the notification of this was only sent to Mrs E at her home address, and not to Mr E at the address that he moved to.

The mortgage account has now fallen into arrears and Mr E, although disputing the amount of arrears, holds Barclays responsible for this and is unhappy that this has prevented him from obtaining a new rate, or moving elsewhere because his credit score has been affected.

I've looked carefully at the information and evidence that has been provided by both parties to understand what has happened.

In 2017, Mr E applied for a fixed rate on his joint mortgage, which was fixed for five years. This product was due to expire in October 2022. After expiry, the mortgage was due to revert to a lifetime tracker interest rate which at the time was 3.49% above Barclays base rate which was 0.25%.

Mr E said that in May 2021, he updated his address with Barclays. It's not entirely clear to me what address he moved to as it seems from the evidence he has provided, that he moved to property 2.

If this is the case, then I can see that a letter notifying him of the product expiring was sent to property 2 on 17 August 2022. This letter confirmed the interest rate was due to end in October 2022 and would automatically switch to a lifetime tracker. So if this is the address that Mr E was staying at, which is the address that Barclays had on file – then I can't agree he didn't get notified.

However, putting that aside, the same letter was sent to Mr E's wife on the same day at property 1 - notifying her that the product was coming to an end on the mortgage.

This is a joint mortgage. While I accept that both parties are separated and living at separate addresses – one of those parties was notified about the change in the mortgage. And if Mr E wasn't living at property 2 – then it's plausible he didn't get the letter.

However, both parties are jointly and severally liable for the mortgage debt. And it seems as though Mrs E didn't inform Mr E about this change because of their dispute, but it's not reasonable to blame Barclays for the issues that happened.

Mr E said he didn't know the mortgage payments were increasing and had he of known beforehand, he would have secured a new interest rate. It's unfortunate the situation that Mr E finds himself in, but like I've already said, both parties are responsible for the mortgage.

The direct debit then bounced once the payments had increased, and Mr E found out at this time about the change in interest rate – and he blames Barclays for the arrears on the mortgage because they didn't notify him of the change in the interest rate.

Having looked at the information provided by Barclays, the last mortgage payment that was received by Barclays was in November 2022. The transaction history that I have been provided with goes up to August 2023, and there haven't been any mortgage payments made to the mortgage at all.

Even if Mr E wasn't told about the change in his payments, he could have continued to pay something towards the mortgage – even the same amount as he was paying before – but he hasn't. This may have possibly put him in a better position to agree and arrange a new interest rate. But he didn't pay anything towards the mortgage after that.

The arrears have started to increase on the mortgage which has affected Mr E's credit file. As no mortgage payments have been made to the mortgage, Barclays are entitled to report this to the credit reference agencies to show a true reflection of the account. I cannot agree that Barclays are in any way responsible for the arrears on the mortgage because I can't see that Mr E has tried to rectify the situation by making some sort of payment towards it.

I have seen that Mr E did inform Barclays in December 2022 that he was unable to work because of an injury. And that he was unable to pay towards the mortgage. But Mr E could have possibly paid a smaller amount. And if he was unable to, this was because he couldn't work and not because Barclays told him to stop paying or because the letter wasn't sent to his address. It's likely that the mortgage account would have been in arrears regardless.

With regards to Barclays needing consent from the other party about an interest rate change, I don't think this is unreasonable. Any change to the mortgage would affect both parties so it's reasonable for Barclays to want permission from both Mr and Mrs E. And because the mortgage was also in arrears, it's also reasonable for Barclays to ask for these to be cleared before a new rate is agreed.

I know Mr E doesn't agree with this, and he disputes the amount of arrears on the mortgage which he believes is affecting his credit score, but the reality of the situation is – he hasn't paid anything towards the mortgage since November 2022 when he had a choice to at least pay something towards it – especially as he was aware soon after that the mortgage payments had increased. His credit file will always reflect what is happening with the mortgage, so I won't be asking Barclays to amend anything in relation to this. As this is a joint mortgage – both parties are responsible for making the payments towards the mortgage.

And while I know he would like an apology from Barclays about the fact that a letter was sent to the wrong address, so he can show this to other lenders – I won't be asking Barclays to do this either.

I do understand that Mr E is in a difficult situation as he isn't able to secure a new rate of interest or remortgage elsewhere because of his credit score, but this unfortunately isn't down to Barclays.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 21 December 2023.

Maria Drury
Ombudsman