

The complaint

Mr & Mrs L complain that during a call with a representative of Barclays Bank UK PLC (Barclays), they were incorrectly told that their mortgage had been paid in full and that they would be receiving a refund of around £7,000. When they later checked they were advised this had been an error and in fact there was still a balance outstanding.

What happened

Your text here

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 & Mrs L took out their mortgage with Barclays in November 2006 and over the years made regular overpayments. In March 2023 Mr L called Barclays and made an overpayment of £18,000. He expected to see the monthly payments reduce significantly as he calculated there to be around £8,000 remaining on the mortgage account.

As the monthly payments didn't reduce as he expected, Mr L rang Barclays and spoke with an advisor whom I shall call M. M looked into Mr & Mrs L's account and thought there was a credit of around £15,000 on the account. That figure represented the sum of a number of smaller overpayments Mr & Mrs L had previously made. M said that this amount could be applied to the outstanding mortgage balance to clear it, and then there would be a refund due to Mr & Mrs L of around £7,000. M said he'd action both and then close the mortgage account.

When the refund didn't arrive Mr L called Barclays again, but was told M had made a mistake, and in fact there remained an outstanding balance on the account.

Mr & Mrs L complained to Barclays who upheld their complaint and offered £100 in compensation for the distress and inconvenience caused. Mr & Mrs L were unhappy with Barclays' final response and so approached this service to see if we could assist in resolving the dispute. Our investigator thought that there had been poor service by Barclays, but their offer of compensation was fair and reasonable and in line with awards this service would make. Mr & Mrs L didn't agree and asked for the complaint to be passed to an Ombudsman for a final decision.

Putting things right

I issued my provisional decision on 11 December 2023 inviting representations and further comments from both parties. Both parties replied and Barclays accepted my provisional decision. Mr & Mrs L didn't feel that the level of compensation was sufficient but submitted no further evidence. In the light of this I do not consider that my provisional view should change.

The accepted facts are that M made a mistake in telling Mr & Mrs L that the credit sum of around £15,000 on their mortgage account, being the previous overpayments, could be used to clear the account in full and that they would then receive a refund. Barclays have explained how M had misunderstood the true position, and that the credit of £15,000 had actually already been deducted from their mortgage account balance.

M's confusion arose because when a Barclays customer makes an overpayment which is less than three times their monthly payment, it acts on the mortgage balance by reducing it immediately. That affects the level of monthly interest, but it doesn't affect the agreed contractual monthly instalments a customer has to make, which then reduces the length, or the term, of the mortgage. When payments are made which are in excess of three times the monthly payment, it has the effect of reducing both the mortgage balance and monthly payment but not the term of the mortgage.

Undoubtedly, Mr & Mrs L will have suffered disappointment in learning their mortgage had not in fact been redeemed in full. That said, when they made their £18,000 payment they were not anticipating the mortgage would be redeemed. They were anticipating that their monthly payments would reduce because they knew there was a relatively modest balance left to pay.

In my view it would be unfair to direct Barclays to write off the remaining balance because that would place Mr & Mrs L into a much better position than they would have been. The correct way of dealing with their disappointment and inconvenience in having to chase matters up is by Barclays making to them a compensation payment.

Mr & Mrs L are correct in saying that Barclays could have called them to explain that an error had been made, and so I agree that Barclays could have done more. However, it is also true that Mr & Mrs L have not suffered any direct financial loss and the error was corrected reasonably quickly, albeit at Mr & Mrs L's instigation it would seem.

I've given the question of the appropriate level of compensation some further thought and in so doing whether Barclays' offer of £100 was fair and reasonable. It is important to remember that there is no set figure for compensatory awards, since the facts of each case are different. Ultimately it is an exercise of judgement, looking at all the circumstances and coming to a figure which feels fair, when set against the effect of any failures in service on the person bringing the complaint.

When we make awards of compensation we categorise them and examples of these can be found on our website. I think the relevant category for this this complaint would be the second category; *'An award .. of up to £300' is usually applicable when an error has caused frustration and annoyance more than you might reasonably expect from day-to-day life, and the impact has been more than just minimal.*

So, I intend to recommend Barclays compensate Mr & Mrs L with £150.00.

My final decision

My final decision is that Barclays Bank UK PLC should pay Mr & Mrs L £150 in total to reflect the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L and Mr L to accept or reject my decision before 30 January 2024.

Jonathan Willis
Ombudsman