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Barclays to repay customers hit by £48m Malta timeshare scandal

Bank to compensate in full 1,500 customers who were improperly sold loans



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Madison Darbyshire in New York and Stephen Morris in London YESTERDAY

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Barclays is to compensate almost 1,500 customers who were improperly sold timeshare loans in Malta worth a total of £48m, after a five-year legal campaign by the victims.

The bank **admitted** in November that it had been told by the Financial Conduct Authority to repay interest charged on loans issued between April 2014 and April 2016 by now-defunct timeshare operator Azure Services.

Barclays has now dropped its opposition and agreed to reimburse debt payments in full in addition to the 8 per cent interest on the loans, rather than face a potentially damaging public tribunal.

The lender will refund about £30m of principal and interest to customers and write off the remaining debt on its balance sheet. It will also remove any adverse entries on clients' credit files related to the loans.

"This is a huge win," said Adriana Stoyanova, a lawyer for timeshare specialist firm M1 Legal in Spain who represented the claimants. "It is everything we have fought for . . . We felt that these loans should be nullified completely."

"Once the consumers get their refund we can contact the resort and relinquish their timeshare in an amicable way," she added.

Barclays said the £48m figure cited by campaigners was too high but declined to provide a figure it considered accurate.

Barclays Partner Finance had a partnership with Azure Resorts, underwriting financing agreements sold to holidaymakers in Malta. Although Azure Resorts was licensed by the FCA to sell loans, the employees brokering the financing agreements were working for another company, Azure Services, which was not authorised by the FCA until April 25 2016.

The timeshare loans generally had high interest rates — in excess of 9 per cent. In one Barclays financing agreement previously reported by the Financial Times, a 2014 loan for just over £20,000 carried a rate of more than 9.5 per cent over 15 years — equating to total interest of £17,420, almost doubling the cost of the loan.

"We recognise that we did not provide the right level of service for some customers who bought timeshare loans," Barclays said. "We will be contacting those impacted to apologise for what has happened, and to let them know how we will be putting this right."

Charlie Rebbeck, a widower and single parent of two who was sold a £24,600 loan for a timeshare in June 2014 during a high-pressure five-hour sales presentation, is among those due to receive compensation.

"It's been a long time coming but until it's in front of me in black and white I don't want to get my hopes up because it's been such a long journey," he told the FT. "My credit rating has been annihilated by this, it's been a struggle and has made my life incredibly difficult for the past six years."

Andrew Cooper, chief executive of European Consumer Claims, a firm that helps people out of improper timeshare contracts, said the decision set an important precedent.

He said his group would continue to pursue compensation for many other customers sold timeshare loans by Barclays Partner Finance before the 2014-2016 period covered by the FCA.

"Once the dust has settled, we will be looking at other timeshare resorts that operated BPF loans, or even loans from other finance houses," he said.

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