

## **The complaint**

Mr and Mrs P are unhappy with how Barclays Bank UK PLC handled the set up of their offset mortgage after they moved properties.

## **What happened**

Mr and Mrs P took out an offset mortgage with Barclays in November 2020. One of the features of this type of mortgage is that any savings are offset against the mortgage balance which lowers the amount of interest that's charged. But this facility wasn't set up correctly when the mortgage was taken out.

When Mr and Mrs P told Barclays about this, the bank had technical problems trying to sort things out, and it took around 12 months to fix the issue. During this time, Mr and Mrs P raised a formal complaint. When Barclays still couldn't fix the issue, they brought their complaint to our service.

While one of our investigators was looking into things, Barclays did manage to sort things out. It refunded the interest offset that Mr and Mrs P had missed out on and offered them £500 as an apology for the trouble and upset they'd experienced. Our investigator thought this was a fair resolution to this case. But Mr and Mrs P didn't accept this. Instead, they thought £1,000 was a more realistic amount. Barclays didn't agree to this and, as above, our investigator agreed that £500 was a fair amount.

So, this case was passed to me for a final decision. To try and resolve things informally, our investigator passed on my initial thoughts to Mr and Mrs P. These set out why I thought Barclays offer of £500 was fair and reasonable. Mr and Mrs P weren't happy with this. In brief, they said the effort they've had to go through, and the bank ignoring the fact that it was taking the wrong amount from their mortgage for a full year, warrants more compensation than has been offered. As the matter remains unresolved, I've moved to issue a formal 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.

Having done so, I've decided to uphold it. I'll explain why. But first, I'm very aware that I've summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter here: has Barclays treated Mr and Mrs P fairly and reasonably and, if not, what should it do to put things right?

If there's something I've not mentioned, I haven't ignored it. I've not commented on every individual detail. I've focused on the details that are central to me reaching what I think is the right outcome. This reflects the informal nature of our service as a free alternative to the courts.

It's not disputed that Mr and Mrs P's offset facility wasn't set up correctly. Barclays accepts that their savings accounts weren't initially linked to their mortgage account when it was opened. This meant the balances in these accounts weren't offset against their mortgage balance as it should have been. So, I'm satisfied the bank didn't treat Mr and Mrs P fairly and reasonably. This means I now need to think about what Barclays needs to do to put things right.

I've first thought about if this problem caused Mr and Mrs P any financial loss. As I've just said, the offset facility wasn't set up correctly. So, Mr and Mrs P were charged more interest on their mortgage because of this. I can see Barclays has calculated how much this was and has credited their mortgage account with an adjustment of just over £4,500. This happened in November 2021. So, I'm satisfied the bank has put Mr and Mrs P back in the position they would have been in if the offset facility was set up correctly in the first place. The available evidence doesn't show there's been any other financial loss.

So, I've gone on to think about the trouble and upset Mr and Mrs P have experienced because of this issue. I fully accept that they've had to spend a great deal of time liaising with Barclays over this issue, and I can appreciate how frustrating this must have been for them. But I don't accept the bank just ignored this problem.

I can see from Barclays records that once the issue was raised, it was trying to get it resolved. I can also see the bank experienced a number of technical issues that stopped it being able to link Mr and Mrs P's savings account to their mortgage account. I accept Barclays could, and should have been clearer in updating them over the problems it was having, and I've taken this into account when thinking about what fair compensation would be. But, as above, I don't accept Barclays just ignored the issue.

I've borne in mind that Barclays has fixed the offsetting issue – and the available evidence doesn't give any indication that Mr and Mrs P were caused any financial hardship by this problem. I'm also satisfied that using financial services isn't always problem free and, to a certain extent, dealing with such problems is a necessary part of everyday life. But I can see that what Mr and Mrs P experienced here goes beyond this.

In summary, I'm satisfied Barclays actions will have been distressing for Mr and Mrs P and caused them unnecessary inconvenience. But I can see the bank has fixed the problem, put Mr and Mrs P back in the position they would have been in had this issue never happened, apologised and offered £500 in compensation.

Taking all the above into account, in the individual circumstances of this complaint, I'm satisfied £500 is a fair and reasonable amount to compensate Mr and Mrs P for the trouble and upset they've experienced.

## **My final decision**

My final decision is that Barclays Bank UK PLC should pay Mr and Mrs P £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 10 August 2022.

John Miles  
**Ombudsman**