

The complaint

Miss A and Mr L complain that Barclays Bank UK PLC delayed their application to make changes to their mortgage – causing them to incur interest at a higher rate for several months. They are also unhappy that Barclays declined to backdate the change to their mortgage and refund the additional interest they paid after indicating it would do so.

What happened

Miss A and Mr L have a mortgage with Barclays. Barclays wrote to Miss A and Mr L on 5 August 2020 to remind them that their interest rate deal was due to expire at the end of October 2020.

On 10 August 2020 Miss A and Mr L contacted Barclays by phone to discuss making changes to their mortgage in preparation for the mortgage term expiring. They'd renovated their property since they first took out their Barclays mortgage and felt it had increased in value. The representative of Barclays they spoke to said that Miss A and Mr L could appeal the valuation. They provided an email address for information to be sent to. But after the email bounced back, an agent asked Miss A and Mr L to email them directly and they'd lodge the valuation appeal on their behalf.

On 12 October 2020 Miss A and Mr L contacted Barclays again as they'd heard nothing further since the earlier phone call. And they still wanted to arrange a rate switch. The valuation appeal was chased. Additional information was subsequently requested, and I've seen evidence Miss A and Mr L provided this on 29 October 2020. And once that was received by Barclays the appeal was accepted.

In the meantime though, Miss A and Mr L had contacted Barclays again, on 27 October 2020, as they wanted to arrange a new rate but had been unable to do so online. They indicated they didn't want to wait for the valuation appeal as, based on the rates available from Barclays, they realised it wasn't going to impact what was available to them. They were also interested in changing their mortgage to an offset mortgage.

An appointment was booked with a mortgage advisor on 6 November 2020 for this to be discussed. However, it hadn't been noted when the appointment was made that Miss A and Mr L were looking for an offset mortgage. As their existing mortgage was not on an offset basis, Barclays said a full re-mortgage application would therefore be required, so the appointment had to be rescheduled to 10 November 2020.

In the meantime, Miss A and Mr L's existing interest rate deal expired and their mortgage moved onto Barclays' reversion rate.

Miss A and Mr L went through an application with an adviser on 10 November 2020. The mortgage advisor said that the application process could take time – potentially up to six weeks. But they also indicated that the new interest rate would be back dated to the point of the application and the difference in interest refunded.

An application was submitted, and a mortgage offer issued on 23 December 2020. As this

was a re-mortgage, legal work needed to be completed. Miss A and Mr L didn't incur a charge for this but they've said they had some issues communicating with the solicitors appointed by Barclays, which caused some additional delays. The re-mortgage was completed on 5 February 2021.

Miss A and Mr L then asked Barclays about backdating the interest rate they'd now taken. But Barclays said this wasn't something it would do for a full re-mortgage. Miss A and Mr L then complained to Barclays as they were unhappy that there had been delays in the application. They also felt it was unfair Barclays was declining to refund the additional interest they'd paid while their mortgage had been on its reversion rate – despite previously indicating it would.

Barclays said it couldn't find evidence it had said interest would be backdated but, in any event, as this was a re-mortgage, it wouldn't agree to do this. It did though offer £400 for the distress caused by the delays in the application, which it said was due to a lack of response from its underwriters and surveyors.

Miss A and Mr L asked our service to consider their complaint. One of our Investigator's looked into matters. She felt Barclays had indicated in one of the conversations with Miss A and Mr L that the interest rate deal would be backdated, and a refund made. But this was an error. She didn't recommend that Barclays refund the interest – as she were satisfied this wasn't something that Barclays would usually do as part of its processes. But she felt it should pay an additional £100 for the upset caused when Miss A and Mr L became aware they'd been given incorrect information.

Miss A and Mr L did not agree with the Investigator's opinion. They said as Barclays had said it would do something, they felt it should be required to do that and to refund the additional interest they'd paid.

I issued a provisional decision earlier this month explaining that I intended to uphold Miss A and Mr L's complaint. Below are extracts from my provisional findings, explaining why I thought this.

Having listened to the recording of the conversation between Mr L and the mortgage advisor on 10 November 2020, I'm satisfied that the mortgage advisor did say that the new interest rate product would be backdated to the point of the application being made and the difference in interest charged would be refunded. Barclays has said recently that the adviser said they weren't sure of the process and would check – so hadn't confirmed a refund would be provided. But I don't agree. I think the advisor was clear that a refund would be made – what they were uncertain of was how that would happen.

Barclays has said that where a simple product switch is made it would potentially look to back date a new interest rate. But where a full re-mortgage takes place, as was the case here due to Miss A and Mr L wanting an offset mortgage in place of what they already had, it wouldn't do this. Because a whole new mortgage was put in place. I think Barclays explanation is reasonable and I don't think what it has said about why it approaches these scenarios differently is unfair, given the extent of the changes to the agreements in the two different scenarios.

I am satisfied though that the advisor gave Mr L incorrect information. Miss A and Mr L say they think that Barclays should be required to backdate their interest rate because it incorrectly said it would. But I don't agree. While Barclays has given incorrect information, I don't think it would be fair to require it to do something it wouldn't otherwise have done – to make the incorrect statement true. So, I don't think a refund of interest should be given due to this error.

I do acknowledge that finding out later that they'd been given incorrect information would've been upsetting for Miss A and Mr L. And I think Barclays should make a payment to address the upset caused by this. Our Investigator recommended that Barclays make a payment of £100 for the upset caused by this. And I think that is fair. While it would've been upsetting to hear this at the conclusion of the application, it didn't cause ongoing distress or disappointment during the application process itself. So, I think an award of £100 is appropriate.

But while I don't think Barclays needs to do more in respect of this error, I think it has made other mistakes during this application, which have caused delays.

Miss A and Mr L contacted Barclays on 10 August 2020 to discuss amending their mortgage. They were prompted to do this by a reminder letter Barclays sent on 5 August 2020 that their interest rate deal was ending. So, I'm satisfied that was the motivation for their call.

During their conversations with Barclays on 10 August 2020 they said they thought their property had increased in value and wanted that to be taken into account. And that seems to have become the focus of their discussions initially. But I'm satisfied that the underlying reason for contacting Barclays was to make new mortgage arrangements in advance of the interest rate deal ending.

Barclays provided Miss A and Mr L with an email address to send information to in order to appeal the current valuation. But when they tried to use this email address, their message was returned. So, they spoke to Barclays again on 10 August 2020 and the representative that they spoke to asked Miss A and Mr L to email them directly. They said they'd then forward the information to the relevant department and that an update should be received within 48 hours. And the representative said that Barclays would then get in touch with Miss A and Mr L with an update – either by providing confirmation the new valuation was accepted or by updating them as to why the appeal hadn't been accepted at that time.

I've seen evidence that Miss A and Mr L did email the representative on 10 August 2020 and that this was received – Barclays has provided a copy of that email in their file. But no further action was taken by Barclays until 12 October 2020, when Miss A and Mr L chased for an update.

When Barclays did review the request for the valuation to be reconsidered, it asked Miss A and Mr L for additional information – which they had to obtain from a third party. And as a result, the review took from 12 October 2020 to 29 October 2020. I've seen nothing to suggest that, if Barclays had dealt properly with the initial request to review the valuation, this review wouldn't have been completed, including Miss A and Mr L obtaining the relevant information, in a similar timeframe. Meaning they'd have had their query about the valuation answered by around 27 August 2020. And they could've, and I think would've, then immediately begun their application for a new mortgage product - significantly sooner than they eventually did.

Based on this I think Barclays has made an error and delayed the application process by approximately two months. It was clear that Miss A and Mr L needed to email it with information, and it would then move things forward and contact them. But it didn't do that, even though the email was received. And there has been no explanation for this delay or Barclays' failure to act.

Barclays has argued Miss A and Mr L could've chased for an update sooner than they did. And in the conversation Mr L had with Barclays on 27 October 2020 he acknowledged as much. I agree that they could've pursued matters sooner. But they were told by Barclays that it was dealing with their enquiry about the valuation and would contact them. So, I don't think

it is fair to hold Miss A or Mr L entirely responsible for the delay. Particularly as they wouldn't have needed to chase sooner or at all, if Barclays hadn't initially made an error by failing to deal with their enquiry.

I also think Barclays made another error that caused a short delay to the application process. When Mr L spoke to Barclays on 27 October 2020, he said that he and Miss A were interested in an offset mortgage. An appointment was arranged with a mortgage adviser for 6 November 2020. But it wasn't noted that they were interested in an offset mortgage – which would mean a full re-mortgage was needed. This meant that the discussion with the mortgage adviser had to be rescheduled for 10 November 2020 – causing a delay of four days.

Once the application was submitted, it needed to be reviewed by underwriters. And it was several weeks until the mortgage offer was issued. But, based on what I've seen, I don't think the time taken was unreasonable.

Miss A and Mr L have said that they also encountered difficulties, after the mortgage offer was issued, completing relevant requirements for the solicitors involved. They've said that the link that they were provided to a government website wouldn't allow them to provide online signatures. They've said the only way they could communicate with the solicitors was through an online portal. And when they spoke to Barclays, it just referred them back to the solicitors.

The solicitors did act for Barclays during the re-mortgage. So were arguably acting as its agent – meaning it might be reasonably responsible for their actions. I understand though they also acted for Miss A and Mr L, by providing a free legal service so that all of the relevant requirements for the re-mortgage were met. So, the solicitors don't appear to have been acting solely for Barclays. And the alternative would've been for Miss A and Mr L to appoint their own solicitors, at an additional cost and potentially not saving any time.

In any event though, from what Miss A and Mr L have said, the issue seems to have been with the systems of a third party, the relevant government agency, rather than the solicitors. So, while I appreciate these further issues would've been frustrating, I don't think I can reasonably hold Barclays responsible for this or any additional delay this caused. As it isn't responsible for the systems used by third parties.

Overall, Barclays seems to have caused delays of just over two months. Without these delays, I think the application could've been progressed and concluded a lot sooner than it was. The application started at the beginning of November 2020. And the new mortgage was put in place on 5 February 2021. Had Barclays responded as it should've to the valuation enquiry and not caused other delays, I think it's fair to estimate that, the application would've begun at the end of August 2020 and the mortgage could've been put in place for the start of December 2020.

So, I've thought about what the fair way to put things right would be.

Barclays offered £400 for the distress and inconvenience caused by the delays. And I think that is fair in terms of the upset caused. But I think it also needs to address the cost of the delays to Miss A and Mr L

If Miss A and Mr L's application had been started at the end of August 2020 rather than in November 2020 – which I think it would've been but for Barclays delays – the like for like mortgage product available at the time would've had a marginally lower interest rate. Based on information I've reviewed, they could've applied for a rate of 1.44% above Bank of England base rate for two years, as opposed to the rate of 1.62% above Bank of England

base rate for two years that they did take out (with all other aspects of the mortgage remaining the same). And, given their application was successful, and there seems to be no other difference to the mortgage products, I think they'd have been successful in applying for their new mortgage at this lower rate.

It appears that this lower rate was withdrawn at the end of October 2020 and replaced by the product Miss A and Mr L ended up taking. As I've said I think it is likely that the application would've taken until the start of December 2020, even if it were not delayed. But I haven't seen anything that suggests that they wouldn't have still been able to take this lower rate – as long as their application was begun before the product was withdrawn.

So, with this in mind, it appears that Barclays errors and delays have caused Miss A and Mr L to incur interest at a higher rate than they otherwise would've done, for the duration of the interest rate deal. And I'm currently of the view that Barclays needs to cover that loss.

In addition, Miss A and Mr L's mortgage switched onto a reversion interest rate at the end of October 2020. And it remained on that rate until 5 February 2021. As I've said, I think Barclays caused unnecessary delays to Miss A and Mr L's enquiries and application. And without these the new rate could've been in place by 1 December 2020. So I think it'd be fair for Barclays to refund the difference between what Miss A and Mr L did pay in interest on their mortgage, and what they would've paid, if their new mortgage had been put in place on 1 December 2020.

Responses to my provisional decision

I gave both parties an opportunity to make further comments or send further information before I reached my final decision.

Miss A and Mr L said they thought my provisional decision was sufficient to resolve matters.

Barclays did not respond to my provisional findings.

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 considered everything again, as neither party have provided me with any additional information to take into account, I see no reason to depart from my provisional findings. So, for the reasons explained above, I think Barclays caused delays to Miss A and Mr L's mortgage application, resulting in them paying more interest than they would otherwise have done. So, I think Barclays needs to take action to address this, as well as the upset caused by its handling of the matter.

Putting things right

To put things right I think Barclays should;

- Re-work Miss A and Mr L's mortgage as if the lower interest rate deal (1.44% above Bank of England base rate for two years), that I think they would've obtained if Barclays hadn't delayed their application, had been applied from 5 February 2021 and refund them any amounts they've overpaid since.
- Refund Miss A and Mr L the difference between the interest they did pay on their mortgage between 1 December 2020 and 5 February 2021 and what they would've

paid if their new mortgage product (at the rate of 1.44% above Bank of England base rate that I'm satisfied they would've obtained) had been put in place over that period.

- Pay Miss A and Mr L £500 for the distress and inconvenience caused by its errors.

My final decision

For the reason's I've explained I uphold Miss A and Mr L's complaint.

To resolve matters I order Barclays Bank UK PLC to take the action set out in the 'Putting things right' section of my decision, set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A and Mr L to accept or reject my decision before 18 May 2022.

Ben Stoker
Ombudsman