

## **The complaint**

Mr and Mrs B complain that they haven't been able to have their mortgage term and repayments altered with Barclays Bank UK PLC as they had requested. Mr and Mrs B want the mortgage terms changed in line with their request and compensation for the stress and anxiety they suffered in trying to get the matter sorted.

## **What happened**

Mr and Mrs B have a mortgage with Barclays held in three accounts. Mr B is also a Premier account holder with the bank. The mortgage is presently on a fixed rate mortgage product until 31 October 2027 and an early repayment charge would apply ("ERC") for early redemption.

In October 2020, Mr and Mrs B contacted Barclays to change the terms of the mortgage. They had been overpaying their mortgage for a number of years and wanted to reduce the term of the mortgage whilst making the same amount in payments. This was to avoid the danger of going over their overpayment allowance and incurring an early repayment charge ("ERC").

A Barclays mortgage adviser went through all the details of the new term that they agreed, and Barclays then issued the documentation for them to sign electronically. A Mortgage Information Sheet ("MIS") was produced on 8 October 2020 showing the balances and the contractual monthly payments that would apply, if the application was accepted, from 1 November 2020. But when the documents were sent through for them to sign, the application form had incorrect figures for the monthly payments and the mortgage balance. My understanding is that there is an IT issue that has prevented Barclays showing the correct figures on the application form. This results in the three accounts showing the same monthly payments which is incorrect as each account has a different payment. Barclays says that this was a known IT error but had the application proceeded, the offer - had it been made - would correctly reflect the correct balance and the new CMP.

Mr and Mrs B refused to sign the application and complained. Barclays told them that if they signed the documents presented to them the correct ones would be in the post, but Mr and Mrs B said that they wouldn't sign false documents. Mr and Mrs B then got documents in the post which they say was again incorrect and refused to sign them and were told by a Barclays adviser that there was nothing they could do.

Barclays responded in January 2021 to say that there was an IT issue that meant that the application form showed incorrect figures but at completion it would show the correct borrowing amount. Barclays said that the IT team were working on it and offered £500 by way of apology.

## ***Our investigator's view***

Our investigator's view was that Barclays had an issue which it was unable to resolve and that Mr and Mrs B was in a permanently paused state so that months after the final response letter was issued the issue hadn't been resolved. Our investigator recommended that this

complaint should be upheld, and that Mr and Mrs B receive total compensation of £800 and that either Barclays smooth the process of a new mortgage application or allow Mr and Mrs B to move their mortgage elsewhere without an ERC penalty. Mr and Mrs B disagreed saying that the compensation offer of £800 was low in terms of the length of time involved without yet a satisfactory outcome and that their life's been on hold for an extended period. Barclays accepted our investigator's recommendation and said it was willing to start the process again with a new application.

### *My provisional findings*

I issued a provisional decision on this complaint as follows:

*"Mr and Mrs B want to make an application to change the term of their mortgage. Barclays can produce an MIS showing what the mortgage will look like when it's been amended, But the application form contains figures that are incorrect and show the three accounts with the same repayments and an incorrect balance. Barclays say that this was caused by an IT issue that Barclays has been unable to fix. So, the present position is, and indeed the position that has been for a while, that although Barclays say they can assist Mr and Mrs B to move the application forward, the application form will continue to have the incorrect figures which Mr and Mrs B don't want to sign.*

*I had delayed issuing a decision on this complaint as I understood the IT error had been fixed. I now understand that not to be the case and the IT issue persists. Barclays says that the application form will show the same payment for each part of the mortgage and that is an error, but the MIS will show the correct calculations based on the balance of the mortgage that day. That would seem to require Mr and Mrs B, in order to obtain their objective, to submit an application recording the incorrect figures but with a separate MIS showing the correct figures. Clearly that's not ideal but it's Barclays way of dealing with an IT problem that is says that it has been unable to fix.*

*Mr and Mrs B's objections are that they were being asked to sign a false document and feel that they are being asked to assist in a fraud. This is an unfortunate situation. If Mr and Mrs B want to apply to shorten their mortgage term it seems that they will have to submit an application with incorrect figures. But all parties know that the figures on the application form are incorrect. I can't see the fraud there as long as all parties know that those figures are incorrect and only being used because of a defect in the IT system. I don't consider that they are false figures as no-one is putting any reliance on them. All parties know they are incorrect. I also recognise that the application form does not commit Mr and Mrs B to accept anything. If their application is approved, Barclays will produce an offer which Mr and Mrs B can then accept or reject. They are not committing themselves to accepting the figures on the application form.*

*As I say this is far from ideal. Barclays has given an explanation of an IT failure but have indicated that they can provide Mr and Mrs B with what they want to achieve – subject to their application being accepted – if Mr and Mrs B are prepared to accept the incorrect figures being on the application form. Mr and Mrs B have the security of the MIS document and will not be committed to the terms of the new mortgage until the mortgage offer is produced which hopefully will have the correct figures.*

*I appreciate that Mr and Mrs B feel very strongly about all this and some other issues of Barclays service. Mr and Mrs B wouldn't have expected to be asked to sign a document with incorrect figures because Barclays couldn't fix an IT issue. That must be very disappointing for them. Barclays recognise that as did our investigator who suggested compensation of £800 for the disappointment and length of time waiting for Barclays to resolve the issue. Mr and Mrs B say that this compensation isn't enough as their life has been put on hold. I imagine they are very frustrated by all this but as I understand it, they continue to make*

*overpayments and the term of the mortgage as a result is shortening and not on hold. In any case we do have guidelines to help us determine the appropriate level of compensation in cases such as this. This is a case where the impact of Barclays mistake has caused considerable distress, upset, and worry and significant distress and worry lasting over several months that needed a lot of effort to sort out. Using our guideline, I accept that the investigator's suggestion of £800, seems appropriate.*

*Looking to the future. This is a case where Barclay says that - subject to the application being accepted - it can provide the new mortgage term that Mr and Mrs B want. But the IT issue hasn't been sorted and Mr and Mrs B can only move the application forward if they are prepared to accept the incorrect figures on the application form. They may wish to consider that. Barclays says that if they wish to complete a new application, they would need to speak to a mortgage adviser. Barclays says that it does have a Customer Mortgage Expert team who complete the initial affordability checks and who can also book an appointment with a mortgage adviser. Barclays has provided us with the number for that team which we can pass on to Mr and Mrs B.*

*Alternatively, Mr and Mrs B may not want to sign that application form but still wish to have a shortened term to their mortgage. That would mean they would have to move their mortgage to another lender. If they move and redeem their mortgage elsewhere there will be several costs to them including paying the ERC but also solicitors costs and mortgage administration fees attached to the new mortgage.*

*Our investigator suggested that if, because they were unable to proceed with the application, they decided to move their mortgage elsewhere that Barclays forego the ERCs that would be applicable on redemption of the mortgage. I note that Barclays didn't comment on that. But if I accept that Mr and Mrs B should have the alternative to move their mortgage to a lender that can provide a term suitable to them because of Barclays IT issues, it follows, I believe that Barclays should reimburse them the associated costs being any mortgage administration fee attached to the new mortgage and their reasonable solicitors costs.*

*If Mr and Mrs B want to move their mortgage and I presume they have thought of this alternative, they should be able to arrange a new mortgage within a reasonable period from the date of this decision – four months seems fair. So, I will leave the alternative open to them for that period. I don't believe that I should leave this open-ended and Mr and Mrs B have indicated that they want to move on."*

Mr and Mrs B responded to say that as Barclays had taken longer to reply and hadn't yet resolved the issue, that the £800 compensation should be increased. They felt that I needed to be specific about legal expenses. Mr and Mrs B also said that as an alternative Barclays could start an application for a new product and that Barclays would pay any legal fees and the mortgage fee.

Barclays responded to say in summary that it disagreed with my provisional decision. It says that at no point in the mortgage declaration does it ask Mr and Mrs B to confirm the auto-populated information is correct, only that the details given by them are accurate. Barclays is also concerned whether it's reasonable to allow Mr and Mrs B to remortgage elsewhere and avoid the ERC having contracted for this particular mortgage product.

### **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 issued a provisional decision as although I agreed with the substance of our investigator's

view, I disagreed with the award that he recommended as there were certain implications of the award that needed to be dealt with. I had accepted that Mr and Mrs B be given the opportunity to move mortgage provider but there would be a cost to that, and I felt that such cost be dealt with in the award.

Barclays had responded to our investigator's view on 27 August 2021. The bank agreed with the award of £800 but as I note above didn't comment on the investigator's recommendation that if Mr and Mrs B didn't want to sign the application form that they should be given the opportunity to move their mortgage elsewhere to get the shortened term they wanted.. Barclays response at that time was to say that the bank could proceed with a new application for Mr and Mrs B. I have to say that I understood by that - partly because of my reading of the final response letter - that the IT problem had been fixed but, after further investigation, that turned out not to be the case.

Barclays has responded to my provisional decision now to disagree with the substance of it to say that in essence there was nothing wrong with asking Mr and Mrs B to sign the application form with the incorrect figures. I note that Barclays initial response to the original complaint in its final response letter of January 2021 was that this was an IT issue being addressed and although no specific timeframe is mentioned, Mr and Mrs B were told "*as soon as the issue has been resolved your MA will ensure your corrected offer document is issued to you*" That letter also recognised that in Mr and Mrs B's particular case that it was having "*a significant impact*" on them.

We are now over 18 months since then and the IT issue hasn't been resolved. Barclays final response was to recognise the difficulties Mr and Mrs B were having signing the application form but to promise it would be fixed - although the timeframe was uncertain - and then the MA would process the documentation. But it hasn't been fixed and I consider that my provisional decision recognises the significant impact but gives Mr and Mrs B, in the absence of the IT issue being resolved, an alternative to signing the document with the incorrect figures. I consider that to be fair.

I recognise that with the solution I suggest is that there is a cost involved and my view was that the cost of any ERC should be waived by Barclays. The bank suggests that as Mr and Mrs B have now a greater capacity to overpay that they may be looking for another mortgage product more suited to their needs elsewhere and it would be unfair to allow them to move to another lender without them meeting the terms of their contract with Barclays including the ERCs. I do recognise that issue, but this isn't a case where Mr and Mrs B set out to obtain a mortgage product elsewhere. It arose from a genuine complaint that Barclays recognised as significant about problems with Barclays IT system when they looked about a change in the mortgage term with Barclays. So, as I believe it's fair to offer Mr and Mrs B the alternative of looking a shortened term elsewhere, I don't think its fair that they be charged if they want to avail of that.

Mr and Mrs B have asked whether now Barclays would offer them an alternative mortgage product so that they wouldn't have to move elsewhere. I will leave that to Mr and Mrs B and Barclays if they want to agree that, But in relation to this dispute I believe that its proper that I offer Mr and Mrs B the alternative of moving to another provider as Barclays hasn't resolved its IT issue. I've also stated that should they wish to move their mortgage that Barclays should pay their reasonable legal expenses. I hope that those can be agreed between Mr and Mrs B and Barclays. I would expect Mr and Mrs B to provide evidence to Barclays, such as a number of quotes as evidence that the costs they are paying are reasonable, but if there is a dispute and the matter is referred back to me I can make a further order on that. Regarding Mr and Mrs B's distress and inconvenience, I gave the level of compensation a lot of thought in my provisional decision and for the reasons set out there I believe that £800 represents fair compensation.

So, for the reasons set out in my provisional decision and above I consider that my provisional decision represents a fair outcome to this complaint.

### **Putting things right**

Barclays Bank PLC should pay Mr and Mrs B £800 for their distress and inconvenience. Should Mr and Mrs B move their mortgage to another lender within the next four months from the date of the Final Decision in this complaint, for the sole purpose of obtaining a shorter term with that lender, Barclays should forego any ERC that would be due on the redemption of this mortgage and reimburse Mr and Mrs B any mortgage administration fee that would be due to the new lender and their reasonable legal costs related to the new mortgage.

### **My final decision**

My decision is that I uphold this complaint and require Barclays Bank UK PLC to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 18 August 2022.

Gerard McManus  
**Ombudsman**