

## **The complaint**

Mr B and Mrs B complain they missed out on a favourable interest rate for their mortgage when Barclays Bank UK PLC advised them to delay switching to a new fixed term interest rate product.

## **What happened**

Mr B and Mrs B's mortgage with Barclays Bank UK PLC was made up of four parts, three of which benefited from fixed term interest rate products. They wanted to switch those three parts to a new deal and align the dates on which the products came to an end. The existing products were all subject to early repayment charges if they brought them to an end early.

Mr B approached Barclays in February 2022 to discuss moving to a seven-year fixed rate deal that was available at the time. He had an initial discussion on 14 February when an appointment to arrange the product switch was booked for later in the month.

Mr B and Mrs B were prepared to pay the small ERC that would be due on one part of the mortgage where the deal they had wouldn't end until 2023. The products on the other two parts were due to end on 31 May 2022.

Since the appointment wasn't arranged within the last 90 days of those two products, Mr B and Mrs B would have incurred significant ERCs if they'd gone ahead and switched then. Mr B agreed with the Barclays' mortgage adviser to rearrange the meeting.

Unfortunately, the seven-year deal Mr B had wanted to secure was no longer available by the time of the rearranged appointment. Although Mr B and Mrs B had avoided paying the ERCs, they were obliged to pay interest at a higher rate than they would have paid had they gone with the earlier deal. Mr B and Mrs B said they would pay additional interest of around £10,000 because of what happened. They thought Barclays should reimburse them for that. Barclays didn't respond to their complaint in time, so our investigator considered it.

Our investigator thought Barclays should have managed Mr B and Mrs B's expectations about the ERCs when they arranged the appointment to discuss a product switch. He thought Barclays should have given Mr B and Mrs B more information about the ERCs they'd pay if they switched too early, before rearranging the appointment. But he didn't think Barclays were to blame for Mr B and Mrs B missing out on the interest rate deal. To put things right, our investigator thought it was fair Barclays pay compensation of £250 for poor service. Since Mr B and Mrs B didn't agree, their complaint's been passed to me to decide.

## **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 asked Barclays to provide additional information to get a better understanding of what happened, including the calls that took place on 14 and 25 February 2022. I acknowledge Mr B and Mrs B's strength of feeling about what happened. But, considering everything, I've

come to the same view as our investigator for broadly the same reasons, as I'll explain.

From what I've seen, I think Mr B and Mrs B had a good understanding of how their mortgage worked. They'd previously taken fixed rate products. They've told us they always factored in that ERCs may be payable when seeking mortgage products. They were actively managing their mortgage. And from the conversations Mr B had with Barclays, I think he was aware ERCs attached to those parts of the mortgage they were planning to align.

Mr B told the mortgage adviser on 25 February he was willing to pay the ERC of around £216 on the smaller part of the mortgage where the fixed rate wouldn't end until 2023. He was aware the products on the other two parts of the mortgage didn't end until May 2022. Whilst the amount of the ERCs on those parts wasn't mentioned either by him, or the mortgage adviser, I think Mr B was probably aware they were significant. I note they were set out in the 2017 mortgage offer.

I accept Mr B wasn't aware they'd have to pay the ERCs if they arranged a product switch before they were within the last 90 days of the existing products. When the mortgage adviser told him that, he was understandably annoyed the appointment had been arranged too early. Mr B thought it odd the appointment had been put in when it had, given he'd mentioned the existing products didn't end until 31 May. I think Mr B and Mrs B had been planning to time the product switch to coincide with the end of the product terms to avoid paying the ERCs.

I acknowledge Mr B and Mrs B were keen to secure the seven-year deal Mr B had identified. He mentioned to the mortgage adviser he was aware a rate increase had happened but thought it hadn't affected that deal yet. She confirmed it was still available. But she also mentioned rates could change quickly. And I think Mr B understood that.

To be within the 90 days, the rearranged appointment needed to take place from 2 March. It wasn't arranged until 8 March. But the seven-year deal Mr B and Mrs B had wanted was withdrawn on 1 March. So even if the meeting had been rearranged sooner, Mr B and Mrs B would have missed out on the rate. Equally, if the meeting had been arranged within the 90-day period at the outset, they would have missed out on the rate as well.

I wouldn't expect the mortgage adviser to have known if and when a rate change was due to take place. That sort of information is confidential and decisions to change interest rates are made for commercial reasons. It's unfortunate the rate changed shortly before Mr B and Mrs B could apply for a new rate and avoid paying the high ERCs. I can understand it was disappointing for them. But, bearing everything in mind, I think Mr B and Mrs B wanted to avoid paying the ERCs; Mr B took the ERCs into account when he agreed to rearrange the appointment; and I think he agreed to rearrange the appointment knowing the rate he was looking at could change in the meantime. I think he had enough information to come to a choice about how to proceed. So, I can't fairly hold Barclays responsible for Mr B and Mrs B missing out on the seven-year deal.

Even if I'd thought Barclays were at fault, the extent to which Mr B and Mrs B lost out financially isn't clear. They would have needed to take the ERCs into account in calculating any net saving in interest.

I accept it was inconvenient for Mr B and Mrs B that the appointment had to be rearranged. And I can see they were unhappy with the service Barclays provided later, before Mr B managed to arrange new products on-line in mid-March. I think it's fair that Barclays compensate Mr B and Mrs B for the inconvenience they were caused through poor service. And I think the £250 our investigator proposed is fair and reasonable in the circumstances.

**Putting things right**

Barclays should pay Mr B and Mrs B compensation of £250 to reflect the impact on them of the distress and inconvenience they were caused through Barclays' poor service.

**My final decision**

I uphold Mr B and Mrs B's complaint in part and direct Barclays Bank UK PLC to pay them £250 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 2 November 2022.

Julia Wilkinson  
**Ombudsman**