

## **The complaint**

Mr B and Miss G complain that Barclays Bank UK Plc gave them incorrect information about the rates that would be available to them if they applied for 'permission to let' (PTL).

## **What happened**

Mr B and Miss G had a joint residential mortgage with Barclays with the fixed rate period due to end on 30 April 2022.

In mid-December 2021, Mr B called Barclays to explore obtaining PTL for the property as he was planning to move abroad for work in the New Year. Mr B says he was told that it wouldn't matter whether they re-mortgaged before or after he requested PTL and that the products available would be the same.

Mr B and Miss G applied for PTL on the property and this was granted at the end of December 2021. This application said that the tenancy was expected to start on 5 February 2022.

Mr B and Miss G say that when they then spoke to a Barclays mortgage adviser in February 2022 they were told residential mortgage rates wouldn't be available and that let properties have higher rates. They say that the incorrect information they received affected them financially and their decision to let the property.

Barclays upheld Mr B and Miss G's complaint – they accepted they could have been clearer in the call with Mr B in mid-December 2021 and offered £75 compensation.

When Mr B and Miss G complained to our service our investigator upheld the complaint. They didn't agree that Barclays was responsible for any financial loss, but they did recommend Barclays increase the compensation to £250.

Barclays didn't agree. It said the information provided to Mr B during the call in mid-December 2021 was technically correct. It said PTL mortgages are residential mortgages and that Mr B was told there would be fewer rates available where it had agreed PTL.

Barclays has also said that customers are only able to switch their interest rate up to 90 days before their previous rate ends – so it was too early to choose a new rate in December 2021 (i.e. before their PTL was granted) without incurring an early repayment charge (ERC). And that the applicable ERC would have been approximately £7,000 at the time, so it thinks it's unlikely that Mr B and Miss G would have chosen to do this.

Mr B and Miss G also didn't agree – they are unhappy that it took so long for Barclays to look into the matter when they complained, and that this issue is still unresolved. They say Barclays has been unresponsive and that they are now on a variable rate which is costing them more and more as the Bank of England raises the base rate.

The matter was passed to me for consideration and I issued my provisional decision on 16

September 2022. Here I explained that I thought Barclay's offer of £75 compensation was a fair resolution to the complaint. In summary I didn't think Barclays had provided Mr B and Miss G with incorrect information or that it was responsible for the financial loss they've described.

While Barclays didn't respond to my provisional decision, Mr B and Miss G disagreed with it. They made the following points:

- They had intended to remortgage in February 2020 and could have got a better rate if they'd waited to request PTL until after this.
- Barclays has admitted it wasn't clear in the call, and they weren't told that not all residential mortgage rates would be available to them once they had PTL.
- Barclays took too long dealing with the complaint which left them in limbo, delaying their ability to secure a better rate than they are currently on.

### **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, including Mr B and Miss G's further comments, I don't think Barclays needs to increase the compensation it's offered for the following reasons:

- I've listened to the call between Mr B and Barclays in mid-December 2021. In this call Mr B says he's moving abroad in the New Year and wants to explore whether they can get PTL. After they discuss the application process for this, Mr B says their fixed rate is up for renewal in April and *"I assume we wouldn't be able to remortgage onto a residential, it would effectively have to be remortgaging onto a buy to let"*. The Barclays staff member says *"no you can ... no you keep it on a residential. So, because you'd be looking to come back to the property, you don't have to go onto a buy to let, you can just keep it as your residential. You can still rent it out, umm you've just got less rates available to you that's all."*
- I think it's reasonable to take from this call that Mr B had already decided to move abroad for work and to let out the property. While the call is to explore PTL, it appears he's expecting to need to move to a buy to let rate in April 2022. So, I find it unlikely that the conversation in mid-December 2021 affected Mr B and Miss G's decisions around letting out the property.
- Mr B and Miss G say they were misled into thinking it didn't matter whether they arranged PTL before or after they re-mortgaged. But this wasn't a specific question Mr B asked in the call or something I think the adviser ought reasonably to have thought he was trying to find out.
- I don't think the information Mr B was provided with in the call was incorrect, or particularly unclear – he's told he can still have a residential mortgage with PTL but that there will be fewer rates available, which is correct.
- But even if I thought the advice ought to have been clearer, I don't think this has caused Mr B and Miss G any financial loss. They've previously told us their broker calculated that if they remortgaged to a (non-PTL) residential mortgage rather than the rates available with PTL, they'd save just under £6,000 over a two-year fixed period. To do this, Mr B and Miss G would've needed to re-mortgage early and

therefore incur an ERC of around £7,000 - so this would've been more expensive.

- Mr B and Miss G say they had planned to remortgage in February 2020 and could have arranged PTL afterwards. But Barclays was aware of Mr B and Miss G's intention to let out the property from mid- December 2021. Mr B and Miss G wouldn't have been allowed to begin letting the property before PTL had been granted. Nor could they have remortgaged onto a non- PTL rate when they planned to let out the property before this fixed rate began. So, it isn't as simple as which application they should have made first.
- Barclays offered Mr B and Miss G £75 compensation to effectively recognise its part in any confusion or loss of expectation experienced by them in relation to the rates available. As I don't think it misled Mr B or provided them with incorrect information I don't intend to increase this award. I do, however, think it would be fair for Barclays to honour this offer and make it available to Mr B and Miss G should they wish to accept it.
- Whilst complaint handling isn't a regulated activity, and therefore not an issue we can consider in and of itself, I have considered the overall level of customer service Mr B and Miss G received in relation to their re-mortgage. Having done so, I think Barclays has provided an acceptable level of communication. More recently Mr B and Miss G have raised the issue that they are on a variable rate at the moment which means their interest rate increases in line with the Bank of England's base rate changes. Whilst I can appreciate this would be stressful, I don't think the time it has taken to resolve this complaint has affected Mr B and Miss G's ability to re-mortgage. So, I don't think it would be reasonable to hold Barclays responsible for any of their costs in relation to this.

### **Putting things right**

I think Barclays should pay Mr B and Miss G the £75 it previously offered them.

### **My final decision**

My final decision is that Barclays Bank UK Plc should pay Mr B and Miss G £75 compensation if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Miss G to accept or reject my decision before 26 December 2022.

Stephanie Mitchell  
**Ombudsman**