

The complaint

Mr and Mrs W's complaint about Barclays Bank UK PLC (Barclays) relates to its handling of their mortgage rate switch. Mr and Mrs W said Barclays gave them incorrect information about an early repayment charge (ERC), as a result of which they sustained a financial loss. They also complain that Barclays failed to tell them about the cooling off period and that they approved the rate switch without getting the consent of Mrs W.

What happened

Mr and Mrs W had a fixed term variable rate mortgage which was due to end on 30 April 2022. Prior to that, in February 2022, Mr and Mrs W decided to take out a three-year fixed rate mortgage (fixed rate deal) with Barclays, starting on 1st May 2022. But, Mr and Mrs W became concerned about the early repayment charge (ERC) and so Mr W called Barclays on 30 April to discuss their options and to consider other products with lower ERCs.

Mr W said that during the call Barclays advisor told him the ERC on the fixed rate deal was £2,900 but that it would be only £996 on a variable rate fixed term mortgage (variable deal). It later transpired that the £2,900 figure was wrong and should have been £1,989.64. Mr W said he asked if he could see the rates available to him but was told that he couldn't until the fixed rate deal he had arranged had been cancelled. He said this made him feel rushed into making a decision, but nevertheless he did so and cancelled the fixed rate deal opting for the variable deal. Mr W says he did not receive any correspondence confirming this change and neither did his wife who also didn't agree with the change. He does remember that the advisor told him he had an eleven-day cooling off period and that he received a text message following the call advising that he could download his mortgage offer.

The variable deal was implemented on 4 May and Mr W says it was only then that he could then see the rates available to him. He says had he seen these earlier he wouldn't have changed from the fixed rate deal because the interest rates had increased significantly. He asked to change back to his fixed rate deal, but Barclays said he couldn't.

Barclays didn't believe it had done anything wrong. But, it did accept its advisor had mistakenly given Mr W the wrong ERC figure, although had given the right percentage of the ERC. It said figures were provided in their written offer which was posted to Mr and Mrs W on 8 February 2022. Recognising this error Barclays offered to pay Mr and Mrs W £250 compensation.

Mr and Mrs W were unhappy with Barclays' final response and so approached this service to see if we could assist in resolving the dispute. Our investigator thought that the amount of compensation Barclays offered was enough to put things right. Mr and Mrs W didn't agree and asked for the complaint to be passed to an Ombudsman for a final 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.

I've taken account of both sides' views and I've looked at the issues raised and considered all the available evidence. Where evidence is not complete, I think about what is more likely to have happened in the light of the evidence which is available.

Mr and Mrs W have raised a number of concerns about the way Barclays dealt with them which I shall address below. First however, I would like to acknowledge that I understand how difficult this has all been for Mr and Mrs W who have told me of their health difficulties and the sad passing of Mr W's father just prior to these events. I do recognise that this has been a difficult time for them both.

When Mr W called Barclays on 30 April he told the advisor that he was thinking of moving to a new house inside the next three months. He explained that he wanted to cancel his fixed rate deal which was due to commence the following day. Barclays' note of the call shows that he said he ideally wanted something without any repayment charges, and he didn't want a set-up fee either because he was only likely to have the mortgage for three months while he sold his house. He was 100% certain that he would sell his property in six months. This shows, understandably, that Mr W wanted to make sure that he wasn't going to have to pay unnecessary fees or charges. Mr W was told that the variable deal would have an ERC of £996 which was a lot less than the £2,900 figure, so I can understand how that difference would be attractive to him and be a factor in him choosing the variable rate.

Barclays do agree that their advisor mistakenly told Mr W the wrong ERC figure, although did tell Mr W the correct percentage. However, Barclays then posted a written copy of the mortgage offer which included the correct ERC percentage and figures on 8 February 2022. I know Mr and Mrs W said they didn't receive that offer and I don't doubt them, but equally I don't doubt Barclays when it says it sent it. Mr W does confirm he received a text message advising that his offer could be downloaded through the online app. Whilst he says he found the app very unreliable he doesn't say it couldn't be done. He also asked Barclays for a hard copy of the offer, so it is surprising that he did not chase that up when he didn't receive it.

Regardless, I must consider what Mr W would most likely have done had he been told the correct ERC figure. The difference is almost £1,000 which is a substantial sum, so I think it likely he would have gone ahead with his change to the variable rate because the saving was significant for him. Saving money was something Mr W was keen to achieve and it is also consistent with his intention to only have the mortgage for three months.

I know Mr W has complained that his wife's agreement was not obtained but as Barclays have pointed out, the terms and conditions, as well as their website, provide that the instruction of one party to the mortgage effectively binds the other. That is something Mr and Mrs W agreed to and so I think it is reasonable for Barclays to have acted on the instruction of Mr W when he called them. I also know Mrs W says she did not receive the written mortgage offer, but I can reasonably assume Mr W told her what he had done, rather than kept that information from her. Had she wanted to obtain written confirmation then she could have called Barclays herself and asked for the same as indeed Mr W did.

Mr W has raised the issue of the cooling off period. He says this was mentioned to him flippantly at the end of the call, but the fact remains he was given the information and thus knew about the cooling off period. Whilst he never received the written mortgage offer, he can't say he didn't know about the cooling off period, because he accepts that he did.

Mr W said that he felt pressured into cancelling his fixed rate deal when told he could only see the available rates once he had cancelled. The call of 30 April shows that the advisor went through the available rates at that time and Mr W was very happy with the advice he was given as he complimented the advisor at the end of the call. Any pressure Mr W felt is

more likely to be due to the fact that Mr W had left his enquiry to the day before his then current mortgage rate came to an end and I can't accept Barclays exerted any pressure.

Having chosen to cancel his fixed rate deal Mr W was then unable to go back to that deal because it was no longer available. This Mr W knew because when he called on 30 April he was told of all the then current deals available to him. So, whilst he could have cancelled the variable rate that would not have enabled him to go back to the fixed rate deal in any event. But that is a direct result of Mr W's decision to cancel that fixed rate deal.

Finally, Mr and Mrs W complain that Barclays didn't make any adjustments or give any consideration to their mental health disabilities. But they also concede that these difficulties were not made known to the Barclays advisor at any time during the call on 30 April. In the light of that Barclays were very clearly unaware of this as an issue and without any indication being given by Mr W during the call, I cannot say that Barclays have therefore acted unreasonably here.

Putting things right

Barclays has accepted that it didn't get things right and because of that it offered to compensate Mr and Mrs W with £250. As Mr and Mrs W didn't think that was enough to put matters right, I've given this some further thought and in the light of my findings above, I think what Barclays offered is very fair and very reasonable.

So, although Mr and Mrs W will probably be disappointed with my decision, and whilst Barclays made a minor error in quoting an incorrect ERC figure, I can't say Barclays has subsequently acted unfairly or unreasonably here and I'm not upholding this complaint.

My final decision

Barclays Bank UK PLC has already made an offer to pay Mr and Mrs W £250 to settle this complaint, and I think that is fair and reasonable. So, my final decision is that it should pay Mr and Mrs W £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 2 January 2023.

Jonathan Willis
Ombudsman