

The complaint

Mr B and Mrs S have complained about poor customer service and delays by Barclays Bank UK Plc when they were re-arranging their mortgage onto a new offset mortgage product. To settle the complaint Mr B, who has dealt with the complaint throughout, would like Barclays to reimburse approximately £4,000 of interest which he says he has been overcharged.

What happened

I will summarise the complaint in less detail than it's been presented. There are several reasons for this. First of all, the history of the matter is set out in detail in correspondence, so there is no need for me to repeat the details here. I will instead concentrate on giving the reasons for my decision. In addition, Barclays has accepted that there was a delay, and that it needs to pay compensation, so the only issue I need to determine is what compensation should be paid and for what period of time. Finally, our decisions are published, so it's important I don't include any information that might lead to Mr B and Mrs S being identified. So for these reasons, I will keep my summary of what happened quite brief.

Mr B and Mrs S had a mortgage with Barclays that was coming to the end of its interest rate product. They decided to switch to a new product, an offset mortgage, so they could offset savings against the entire mortgage. The implications of this are that interest on savings is offset against interest charged on the mortgage, resulting in less interest being charged on the mortgage. Where interest rates on savings are low (as they have been for some time), it can make more financial sense for borrowers to offset the higher interest they'd pay on the mortgage by against savings interest.

After unsuccessfully trying to make the switch to the offset mortgage online, in December 2020 Mr B spoke to Barclays and was told that this would have to be a fresh mortgage application, as it was a new product, rather than just a product switch. Barclays also said that solicitors would need to become involved. Mr B and Mrs S engaged a mortgage broker to handle the application for them.

The mortgage offer was issued on 18 January 2022 and the transaction completed on 1 April 2022.

Mr B complained about the length of time the transaction had taken, saying that the broker had been given incorrect information by Barclays about the need to involve solicitors. Mr B said that the delays had meant that he'd paid £4,000 in interest that he would not otherwise have had to pay if Barclays had made no errors. In its final response letter, Barclays offered compensation of £250 for any trouble and upset caused. But Barclays didn't think it was responsible for any additional interest.

Mr B and Mrs S brought their complaint to our service, where an investigator looked at what had happened. He thought that there'd been some confusion about what was required to put the new offset mortgage in place. A full mortgage application was required, and Barclays explained that solicitors would be needed in order to put this in place.

The investigator found that there'd been a delay of about three weeks that could be attributed to Barclays. In addition to the £250 compensation already offered, the investigator asked Barclays to calculate the interest charged for the first three weeks of the mortgage, less the amount Mr B and Mrs S would have paid if the mortgage had been switched to the new product three weeks earlier, and reimburse the difference.

Barclays agreed to do this, and clarified that the mortgage didn't complete until 1 April 2022, so the period for reimbursement would be the 10-31 March 2022 inclusive. Mr B and Mrs S didn't think it was enough. They've reiterated the points they've made about where they feel Barclays' customer service fell short and have asked for an ombudsman to review the matter.

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 can see that this matter didn't go as smoothly as Mr B and Mrs S wanted, and I can understand their frustration and disappointment that the transaction took so long to be completed.

The evidence in the case is detailed, running to several hundred pages of documents and several hours of telephone call recordings. I've read everything and listened to all the calls, and it's apparent that some parts of the evidence are less relevant to the underlying case than others. There are also a lot of duplicated documents and repetition of arguments. In what follows, I have, by necessity, summarised events in rather less detail than has been presented.

No discourtesy's intended by that. It's a reflection of the informal service we provide, and if I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint. This approach is consistent with what our enabling legislation requires of me. It allows me to focus on the issues on which I consider a fair outcome will turn, and not be side-tracked by matters which, although presented as material, are, in my opinion peripheral or, in some instances, have little or no impact on the broader outcome.

I note that there was confusion about whether or not a solicitor was required for the transaction. The mortgage product being taken out was a different type of product from the mortgage Mr B and Mrs S had previously. As a result, it was necessary for a new mortgage to be put in place and the previous mortgage discharged.

Because the secured property is in Scotland, discharging a mortgage and putting a new mortgage in place has to be done through solicitors. I can see that, behind the scenes, Barclays and the broker were trying to see if this could be done as a simple product switch, but ultimately this wasn't possible, due to the need to set up a new mortgage product. So although I understand that this was frustrating, it was a legal requirement that Barclays wasn't able to overcome through its own internal processes.

As I said above, I don't need to set out each and every incident that happened during the course of this transaction. However, I've given careful consideration to everything that's happened and, having done so, I'm satisfied that there was an avoidable delay by Barclays of about three weeks – which the bank has accepted. In the circumstances, I'm satisfied that the re-mortgage could have been completed three weeks sooner. Given this, Mr B and Mrs S paid more interest than they would have done if the mortgage had been completed sooner and they'd offset their savings against it.

Putting things right

I direct Barclays Bank UK Plc to do the following:

- calculate the amount of interest charged for the period 10 March 2022 to 31 March 2022 inclusive;
- deduct from this the amount of any offset interest that would have been applied to the account for the same period;
- reimburse the difference to Mr B and Mrs S;
- pay compensation for distress and inconvenience of £250.

My final decision

My final decision is that I uphold this complaint. I direct Barclays Bank UK Plc to settle the complaint as set out above.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any correspondence about the merits of it.

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

Jan O'Leary
Ombudsman