

## **The complaint**

Mr and Mrs W complain about delays by Barclays Bank UK Plc in completing a mortgage. They say Barclays offered compensation and hasn't paid this.

## **What happened**

Mr and Mrs W completed an internal re-mortgage process with Barclays to change to an offset mortgage. This should have completed on 1 November 2021. Barclays had made an error with the charge on their property and completion of the re-mortgage was delayed while this was sorted out. Mr and Mrs W's mortgage was on the standard variable rate (SVR) for five months until the re-mortgage completed at the end of March 2022.

Mr and Mrs W say Barclays agreed to refund the difference in interest between November 2021 and March 2022, but hasn't done this fairly. They ask that it also refunds the product fee as they wouldn't have proceeded with Barclays if they'd known what would happen. They say Barclays paid £200 compensation but this doesn't reflect their time and stress.

I sent a provisional decision to the parties explaining why I upheld the complaint, and what I thought Barclays should do to put matters right. This was substantially as set out below. Both parties agreed.

## **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.

Barclays made an error with the charge on Mr and Mrs W's property. This took some time to sort out, and held up completion of their re-mortgage. Barclays sent a final response letter in January 2022. It said it had paid £200 compensation and that once the re-mortgage was completed it would refund the difference in interest due to Mr and Mrs W's mortgage being on the SVR during the delay.

Mr and Mrs W say the way Barclays calculated the refund isn't right, as it doesn't take into account the money in their linked accounts which should have been offset against their mortgage balance before interest was calculated.

Mrs W provided a copy of Barclay's mortgage offer dated 11 October 2021 which says:

We calculate interest daily on the amount of your mortgage less the credit balance on your current and saving account(s) that are linked to your mortgage, which helps towards paying off your mortgage.

The product that should have been in place from 1 November 2021 had a lower interest rate than the SVR. In addition, the mortgage balance would be "offset" or reduced by the balance in Mr and Mrs W's linked accounts before the interest was calculated. This would further reduce the amount of interest applied to Mr and Mrs W's mortgage account.

Mr and Mrs W's offset product should have been in place from 1 November 2021. In order to

put matters right and return Mr and Mrs W to the position they should be in, Barclays needs to rework their mortgage account as if:

- Their linked accounts had been linked to their mortgage from 1 November 2021, and the balances offset against the mortgage balance from then; and
- The offset product interest rate had been applied from 1 November 2021 to the mortgage balance after the balances of the linked accounts had been “offset”.

Linked accounts aren't interest bearing. So if Barclays paid interest on any of the linked accounts from 1 November 2021 this should be reversed. If this would result in a negative balance on any account, Barclays should give Mr and Mrs W reasonable notice to allow them to make a payment into the account to avoid this.

Mr and Mrs W ask that Barclays refunds the product fee. They say had they known about the problems they'd experience they wouldn't have stayed with Barclays. I don't think it's fair and reasonable to require Barclays to refund the product fee. Mr and Mrs W will have the benefit of the offset mortgage product. But I do think Barclays should pay compensation for the inconvenience its errors caused and the delay in putting things right.

Barclays (or perhaps solicitors acting on its behalf) made an error when Barclays' charge was attached to land which wasn't part of the security property. Having read the account notes provided by Barclays I think it took too long to put this right, it made further errors when doing so and the process caused Mr and Mrs W inconvenience. Barclays caused further inconvenience and upset by not re-calculating the interest applied to Mr and Mrs W's mortgage account in a fair way.

Taking all this into account, I think Barclays should pay £500 (in total) for the inconvenience caused. If it has paid the £200 it offered, it can deduct this.

### **My final decision**

My decision is that I uphold this complaint. I order Barclays Bank UK PLC to re-work Mr and Mrs W's mortgage account as described above and pay compensation of £500 (in total).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W and Mr W to accept or reject my decision before 23 January 2023.

Ruth Stevenson  
**Ombudsman**