

The complaint

Mr and Mrs B's complaint about Barclays Bank UK PLC (Barclays) relates to the interest applicable to their mortgage current account (MCA).

What happened

For simplicity I shall simply refer to Mr and Mrs B, and any submissions made by them, as Mrs B. When Mrs B took out a mortgage with Barclays in 2009, it was part of the arrangement that an MCA was opened. This is a current account linked to the mortgage. The 2008 mortgage terms and conditions make it clear at paragraph 11 that interest will be charged to a debit balance on the MCA.

Mrs B said that when she took out the mortgage she wasn't told what the interest rate was on the MCA. She has also said that this interest rate is not mentioned anywhere in the documentation provided when the mortgage was taken out. She has said that the MCA statements Barclays sent to her, show an interest rate at 0% which isn't correct since they do, and have, paid interest. That is quite obviously true since the statements show it to be so. Mrs B would like the interest rate on the MCA aligned with the rate on their mortgage as the MCA rate is much higher.

Barclays has not consented to this service looking into Mrs B's complaint surrounding the original setting up of the mortgage and MCA, arguing that Mrs B is out of time. But it did say that interest was being charged correctly in line with their Standard Variable Rate (SVR) and the amount charged has been clearly set out on the monthly statements. Barclays didn't agree that it had done anything wrong in this respect. It did however agree that there had been a delay in providing a response to Mrs B's complaint and as such offered her compensation of £150.

Mrs B was unhappy with Barclays' final response and so approached this service to see if we could assist in resolving the dispute. Our investigator thought that although there had been poor service with regard to the delay in providing a response, the amount of compensation Barclays had offered was enough to put things right. Mr and Mrs B 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.

Mrs B has argued, and Barclays have conceded, that neither the mortgage offer, the mortgage MCA terms and conditions, or any other document issued at the time of entering into the mortgage, set out what the rate of interest is. It is however evident from section 11 of the 2008 terms and conditions that some interest will be applied on a debit MCA balance.

But that said, I am unable to look into this element of the complaint – that is, what was the rate of interest agreed to if any - because Barclays haven't agreed to us doing so.

The rules that set out which complaints we can consider are known as the Dispute Resolution Rules (DISP) and are contained in the Financial Conduct Authority Handbook. One of these rules deals with the time limits a person has for bringing a complaint to us. These say that we can't consider a complaint if it is referred to us more than six years after the event complained of. Or, if six years have passed, then we can still consider the complaint if no more than three years have passed from the date on which the person making the complainant became aware, or ought reasonably to have become aware, that they had cause for complaint.

As the mortgage was taken out in 2009, Mrs B's complaint on this specific issue ought to have been submitted by 2015. But the complaint wasn't made until April 2022 and so it is well out of time. And I can't say that Mrs B could only have become aware of the matter in the last six years because clearly she knew she was being charged interest on the MCA as the monthly interest charged appeared on her monthly statements. There is also no evidence that exceptional circumstances exist here which prevented Mrs B from bringing their complaint within the time limits and so I am afraid I can't consider the issue of whether or not she was advised of or agreed to an interest rate for the MCA.

Sometimes, even though a complaint may be out of time, we can still consider it if the business, in this case Barclays, consents to us doing so. But Barclays haven't consented here, so we can't.

Part of Mrs B's complaint concerns the ongoing application of interest to the MCA. Mrs B feels that this is too high. Barclays say they have applied their SVR and it's fair. I can look at this aspect of the complaint but only going back for six years from the date of the complaint, because this involves me looking at the interest charged each time a statement was prepared and issued over those six years. That takes me back to 12 April 2016.

Mrs B has always known that some interest was being charged since it appears on the monthly statements. In the main, the statements Barclays have produced don't show the rate of interest, but they always show the amount. The first statement I can see which mentions the rate is from March 2022 which shows that it is the Bank of England Base Rate +4.49%. This is the SVR and the rate previously applied.

But the issue is whether it is fair and reasonable to apply any interest to the MCA, which I think it is because it is provided for in the terms and conditions. The next question is whether the rate of interest charged by Barclays is fair. In the absence of any evidence directing me as to what the rate might specifically be, or that it ought to be linked to the mortgage rate itself, I think the SVR rate is fair. That is the rate which Barclays say is applied to all MCAs regardless of the linked mortgage rate. The amount of interest charged, and the period charged for are clearly shown on each statement, so I can't say Barclays have not made Mrs B aware of the monthly interest being applied.

So, I can't say Mrs B has been misled because she knew that the MCA was always going to attract interest if she used it, which she did, and it appeared monthly on her statements.

Putting things right

Barclays has accepted that it didn't get things right in relation to providing a response to Mrs B's complaint. Because of that it has offered to compensate Mrs B with £150. I've given this some further thought I think what Barclays offered is fair and reasonable taking account of the delay concerned.

So, although Mr and Mrs B will probably be disappointed with my decision, I can't say Barclays has acted unfairly or unreasonably.

My final decision

Barclays Bank UK PLC has already made an offer to pay Mr and Mrs B £150 to settle this complaint, and I think that is fair and reasonable. So, my final decision is that it should pay Mr and Mrs B £150.

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 21 February 2023.

Jonathan Willis
Ombudsman