

The complaint

Mr G and Mrs L complain about what happened when they tried to take out a new mortgage deal with Barclays Bank UK PLC, for their buy to let (“BTL”) property. They said Barclays caused considerable delays, which they wanted compensation for.

What happened

Whilst this complaint is brought by both Mr G and Mrs L, as the mortgage is in both their names, our dealings have been with Mr G. So I’ll mainly refer to him in this decision.

Mr G told us about the very considerable delays in taking out a new mortgage deal with Barclays. He set out for us a timeline of what had happened, which also details the number of calls and contacts he and Mrs L had with Barclays, trying to get things back on track.

In mid-July, Mr G and Mrs L contacted Barclays by phone to take out a new fixed interest rate mortgage. They completed the process online the same day.

The rate switch was due to take effect on 1 August, but it didn’t happen. Mr G said between 1 –20 August he and Mrs L made a total of 13 phone calls to Barclays to request updates and chase on the mortgage rate switch. No updates were provided. They spent up to 1 hour 20 minutes per call on hold. On 23 August, Mrs L travelled to a branch to present her ID. She spent over an hour there.

In early September, Barclays at first said it hadn’t updated Mrs L’s address. Then it accepted it did have her new address, but it hadn’t applied this to the mortgage. It was able to do that over the phone, and then on a third call, said it would now be able to issue paperwork for an offer. Between 13 - 23 September Mr G and Mrs L made multiple calls to Barclays, as no documents had been received. The forms were finally received from Barclays on 23 September, and were signed and returned same day.

By early October Barclays still hadn’t processed the mortgage change, so Mr G contacted Barclays to request an update. Barclays at first said it didn’t have the signed documents, although a copy of the signed documents was showing in the Barclays app. Barclays realised this and the case was forwarded back to the case handler. It also sent out a new set of mortgage documents, in error. In mid-October Mr G contacted Barclays again, and it said the mortgage still hadn’t been finalised. Mr G then raised a formal complaint.

Mr G said he’d received a partial refund, and a small compensation offer. When he pointed out that the refund didn’t cover all the overpayments made, he said that Barclays at first said his complaint would be reopened and he would be contacted. But by the end of November, Barclays said the complaint was closed, and would not be reopened.

Mr G asked our service to look into this complaint. He wanted Barclays to pay back the overcharged interest, and refund the product fee of £1,795 that he and Mrs L paid to take out this mortgage. He told us he and Mrs L had spent over 55 hours trying to put things right.

Barclays said it didn't dispute that it had caused delays in this application. It initially input Mr G and Mrs L's account number incorrectly, which delayed the application. There was a mismatch on addresses, which caused further delays. Mr G's address was then updated but Mrs L's was not. Mrs L went into a branch and provided proof of address, but this was still not actioned. Mr G and Mrs L were told forms would be sent to them electronically, but they were not issued. Then when forms were finally sent out and signed, they weren't actioned on return. Mr G and Mrs L were charged Barclays' Standard Variable Rate ("SVR") for August, September and October, their new rate wasn't applied until October.

Barclays did refund some of Mr G and Mrs L's overpaid interest, but although Barclays said it would backdate the rate to 1 August, it only refunded overpayments for August and September, not for October. Barclays also paid compensation of £225.

When this case came to our service, Barclays accepted it hadn't yet done enough to put things right. Barclays has now refunded the additional amounts it charged for October 2022, which it said meant it will have refunded in full the overpaid mortgage amounts, representing the difference between the SVR and the rate Mr G and Mrs L should have been on from 1 August. And it would like to increase its offer of compensation to £500, meaning a further £275 in compensation would also be paid now.

Our investigator didn't think this complaint should be upheld. He said the product fee was charged in line with the agreement Mr G and Mrs L had reached with Barclays, and he didn't think Barclays had to pay that back. He said the offer Barclays had now made provided a fair and reasonable outcome to this complaint.

Mr G didn't agree. He said it didn't represent a fair outcome for the amount of time invested and the distress that this complaint had caused. He pointed to the initial problems with the application, and said Barclays just didn't contact him in response to his application. He said Barclays didn't do anything if he didn't contact it. He felt that a number of the problems here could have been solved by simple proactive steps by Barclays. But they weren't.

Mr G said he and Mrs L would accept a total compensation payment of £1,500 which he felt would be fair and reasonable for the distress, upset and time this matter has caused. As he hadn't agreed with our investigator, this case was passed to me 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 reached the same overall conclusion on this complaint as our investigator.

There's no dispute that Barclays has caused delays with this remortgage. It has accepted that it made a series of mistakes. And each time it made a mistake, it doesn't appear then to have taken steps to put things right. It doesn't even appear to have consistently responded to Mr G and Mrs L's efforts to get things back on track. Some of the contact that Mr G and Mrs L had with Barclays was able to move things forward for them, but on other occasions, I can see promises were made to them by Barclays which don't appear to have been kept.

I can well understand why Mr G and Mrs L have found this a deeply frustrating process. But I'm sorry to have to tell them that I don't think it would be fair and reasonable for me to ask Barclays to pay compensation at the sort of level they would like, in this case.

I do need to have regard to the overall approach of our service to compensation. (Mr G and Mrs L can find further information on that through our service's website, if they would find that helpful.) And I don't think it would be consistent with our service's overall approach to compensation, to ask Barclays to pay £1,500 in this case.

I understand that Barclays has now made a refund of overpayments for August, September and October, with the exception of a few pounds that Mr G says he's happy not to pursue. And it has offered to increase its total compensation payment to £500. I do think that a total payment of £500 in compensation in this case would be in line with our service's overall approach to compensation. I understand Barclays has paid £225 in this case, and if that's right, Barclays will need to pay a further £275 now. I think that would provide a fair and reasonable outcome to this complaint. So that's what I'll ask Barclays to pay here.

I understand Mr G and Mrs L will be disappointed, but I don't think that Barclays has to do more than that.

My final decision

My final decision is that Barclays Bank UK PLC must pay Mr G and Mrs L a total of £500 in compensation for this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs L to accept or reject my decision before 31 July 2023.

Esther Absalom-Gough
Ombudsman