

The complaint

Mr and Mrs H's complaint about Barclays Bank UK PLC (Barclays) relates to their concerns that their offset mortgage has not been properly administered.

What happened

Mr and Mrs H took out a term reducing offset mortgage with Barclays in 2004 over a 25-year term. This means that any benefit earned in their linked bank accounts was offset and used to reduce their mortgage balance and the length of time required to pay off the mortgage in full. The mortgage is in two parts being a 'Part and Part' type mortgage meaning some of the repayments Mr and Mrs H make each month are interest only and the rest are repayments of the capital and interest.

Mr H said that he had logged into his online account and saw that it was quoting that the reduction in the term he had achieved was longer than he had left to pay and so he asked Barclays to clarify and recalculate what was owed.

Barclays carried out a manual calculation from the date of the inception of the mortgage to 26 July 2022 and calculated that Mr and Mrs H had saved £16,395.71 in mortgage interest. Barclays didn't think it had administered the account incorrectly and Mr and Mrs H were provided with a copy of that calculation.

Mr and Mrs H were unhappy with Barclays' final response and so approached this service to see if we could assist in resolving the dispute. Our investigator found that Barclays had correctly calculated the interest saved. As such he considered Mr and Mrs H's account had been administered correctly.

Mr and Mrs H 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.

My summary of what happened is brief and I know the parties went into a lot more detail. I'm going to focus on what I think are the key issues. Our rules allow me to do this, and it reflects the nature of our service as an informal alternative to the courts. So, if there's something I've not mentioned, it isn't because I've ignored it, it's because I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I issued a provisional decision on 24 March 2023 and both Barclays and Mr and Mrs H have responded. Barclays has accepted my provisional decision. Mr and Mrs H have not accepted the decision and believe the amount of compensation I directed Barclays to pay was insufficient, when balanced against the amount of time they had spent on the complaint

and the stress and effort in trying to make sense of the information they had been given. I shall deal with their further comments on this issue below.

In addition, Mr and Mrs H raised a number of other issues. They say;

- they wrote to Barclays CEO and a representative was initially appointed to deal with their complaint but then removed without explanation. When questioning why, Mr and Mrs H say that Barclays refused to provide an explanation
- they have received correspondence from Barclays stating they have requested a change to the mortgage, which they deny, and that when they have taken that up with Barclays they are refusing to answer the questions put to them
- they had agreed with Barclays to make a minimum payment of £239.90 per month yet they have received correspondence saying that their monthly repayment amount will reduce, and Barclays won't answer their query as to why this is so
- that their payments have been reduced from a previously agreed amount despite the rate increasing which is suggestive of their having overpaid at a greater rate than Barclays had calculated.

When Mr and Mrs H first brought their complaint this service confirmed back to them that it related to their offset mortgage and that in their view the mortgage capital ought to have been paid off by that point in time.

These additional issues do not therefore form part of this complaint and as such I cannot deal with them. Should Mr and Mrs H wish to pursue these issues they must first be put to Barclays to allow them the opportunity to issue a final response letter. Thereafter a new complaint may be brought to this service.

There are two issues to this complaint. The first is the substantive issue of whether Barclays have correctly administered Mr and Mrs H's mortgage account. There has clearly been some confusion, which I shall address further below, but as to the substance of whether Barclays has calculated the correct amount of interest to be offset, I find that it has. Barclays have performed a manual calculation and there is nothing to suggest that that calculation is incorrect. As such Mr and Mrs H have been advised of the exact amount of offset interest which has been correctly applied to their account. The account in this respect has been properly administered.

Mr and Mrs H have asked to see the detail of my calculations, and I can confirm that I have not carried out any calculations. Our investigator has explained to Mr and Mrs H that the Financial Ombudsman Service doesn't provide an auditing service or carry out a forensic analysis of a customer's mortgage to identify errors. I can confirm that is correct. What I have done is assess the evidence which is before me. That includes the manual calculation carried out by Barclays, which was also provided to Mr and Mrs H. Barclays has also confirmed that it has checked that calculation and it is correct. On the balance of probabilities, and in the absence of any evidence to suggest that it is wrong, I find it is more likely to be correct than not.

It is clear however that from Mr and Mrs H's perspective the picture was certainly confusing, and one for which Barclays have no satisfactory answer. I have sought to get to the bottom of why Mr and Mrs H see something different when they access their online account, but the responses from Barclays have not provided a clear definitive answer.

Barclays have said that when they completed a term calculation on their 'mortgage calculator' to see what term should remain after applying the offset benefit Mr and Mrs H had accrued, (with balances taken as of 31 December 2022) the term remaining showed as two years and seven months. They provided a screen shot to evidence that.

That however did not match the information which appeared to Mr H when he went online. He has provided a screenshot which confirmed a very similar mortgage balance as that shown in Barclays's screenshot, the difference being most likely due to the different dates the two documents were produced.

But underneath that figure it showed the total interest saved to date, and on the line beneath that it stated there was a Mortgage Term Reduction of seven years nine months. This clearly doesn't match figure shown in Barclays' screen shot. Looking further into Mr and Mrs H's screen shot in the section marked 'Additional Details' it shows next to the heading 'Outstanding remaining term' – six years five months.

Barclays attempted to explain these differing figures telling this service, *'The contractual term of the Mortgage stays the same on the system but the Mortgage will be redeemed earlier. We are unable to amend the Mortgage agreed Term on the system'*.

I interpreted this to mean that the mortgage agreed term would end in six years five months, and so asked Barclays to explain what the seven years nine months represented, since it seemed to imply that the mortgage term had already been reduced by that period, which would have meant the mortgage had already ended, which clearly it hadn't.

Barclays responded to say that they accepted there is a discrepancy between what shows on the online banking app and the actual outstanding mortgage term. They had been unable to ascertain why that should be the case and apologised for the online 'glitch' as they described it. However, they said they had also checked and were able to confirm that the offset benefits on Mr and Mrs H's mortgage account had been properly applied. This confusion is clearly poor service and such that it would be appropriate for Barclays to make a modest compensation payment to Mr and Mrs H in my view.

Putting things right

When this service considers what an appropriate level of compensation might be, we consider a variety of factors, including the trouble, upset, distress and inconvenience that may have been caused. We categorise awards and examples of these can be found on our website.

There are two potential categories of award I think are relevant to this complaint; the first 'An apology or small monetary amount' is usually applicable when there has been a one-off incident or occurrence – such as a small administrative error or a short delay. I think this complaint goes beyond that.

The second is 'An award .. of up to £300'. This is usually applicable when an error has caused frustration and annoyance more than you might reasonably expect from day-to-day life, and the impact has been more than just minimal. This is often where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out – and the impact is usually one that has lasted a few days, or even weeks, causing either some distress, inconvenience, disappointment, or loss of expectation.

The issue for me therefore is what is a reasonable amount of compensation. In this case the correct amount of offset interest has been applied, but Mr and Mrs H have experienced

irritation and frustration with their online experience, and that remains unresolved. Mr and Mrs H have said they have spent many hours dealing with the matter and suggested that such time would have been better remunerated had a minimum wage job been taken. Whilst I understand the argument they seek to make, linking a compensatory award to the hours spent is not in my view appropriate. And, whilst Mr and Mrs H have undoubtedly spent a lot of time on the matter, ultimately I have found that Barclays has correctly administered the account.

As I have indicated above, this service categorises awards, and I remain of the view that my initial assessment was correct. I shall therefore direct that Barclays should pay Mr and Mrs H £150.

My final decision

So, my final decision is that Barclays Bank UK PLC should pay Mr and Mrs H £150, in total to settle this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 18 May 2023.

Jonathan Willis
Ombudsman