

The complaint

Mr B and Miss B have complained that in July 2019 Barclays Bank UK PLC set up an offset mortgage but a year later said it should not have done so. This was because Mr B was already named on another offset mortgage and so was not eligible for a second offset mortgage. The mortgage was redeemed in August 2021 and a new offset account set up in Miss B's name. Mr B and Miss B are unhappy at the length of time it took to resolve the matter.

What happened

I do not need to set out the background to this complaint. 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 also note that Barclays has acknowledged it made an error and so I don't need to analyse what happened in order to determine whether or not the bank is at fault; all I need to decide is what Barclays needs to do to put things right.

In addition, our decisions are published, so it's important I don't include any information that might lead to Mr B and Miss B being identified. So for these reasons, rather than setting out the history of the matter, I will concentrate on giving the reasons for my 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.

Barclays has accepted that it should not have set up a second offset mortgage for Mr B and Miss B (Mr B's daughter). This is because Mr B was already named on an offset mortgage he'd set up with his son, and Barclays' policy is that a customer can have only one offset mortgage. Miss B made three applications for a transfer of equity (TOE) to remove Mr B from the mortgage. Two offers were issued but did not complete. The joint mortgage with Mr B was eventually redeemed when a new offset mortgage was set up in Miss B's sole name in August 2021.

Barclays has agreed to refund all interest charged to the offset mortgage account – a total amount of £1,472.26. I think this is more than the bank was required to do, given that the account terms and conditions allowed the bank to charge interest on the mortgage balance over and above any amount that was offset. I'm therefore not requiring Barclays to make any additional refund of interest, given that its offer has put Mr B and Miss B in a better position than if the error had not have been made.

Mr B says his interest calculations are higher and that interest of £1,998.30 was paid. However, I think the bank's calculations are accurate. Because the full amount of the mortgage was not offset, interest was properly charged on the balance that was not covered by offsetting.

The Financial Ombudsman Service doesn't audit accounts, and so I have not carried out my own calculations of interest. If Mr B disputes the bank's figures, it is always open to him to

have his own audit carried out by a professional auditor. If the result of that audit showed financial detriment to Mr B and Miss B that could be attributed to Barclays, then they would be able to raise this with the bank and claim back the cost of the audit as part of any redress.

I'm also not persuaded that Barclays should reimburse the product fee of £499, as Mr B has requested. That's because payment of the fee resulted in a mortgage being offered to Mr B and Miss B, and so it achieved its purpose in advancing funds to them for the purchase of a property. That the mortgage product didn't operate as Mr B and Miss B had hoped was the fault of Barclays, but the administration of the mortgage account is separate from the application for the mortgage, for which a fee would have been payable in any event.

Barclays has acknowledged its customer service could have been better, and I agree. This took longer than it should have done to sort out, but I also note that Miss B didn't progress two applications for a TOE, so the delay was not all down to Barclays.

When Miss B took out her new offset mortgage in her sole name in August 2021 Barclays wrote to her listing the accounts that are offset. Mr B says that there should be an account containing £45,000 being offset. However, I am satisfied that this account is not listed in the accounts that are linked to Miss B's new mortgage. If Miss B thinks it should be, she will need to contact Barclays about this. However, if the account is in joint names with Mr B, it can't be linked to the offset mortgage in her sole name.

I note that the bank has agreed to pay compensation totalling £350 for distress and inconvenience. I've noted what Mr B has said – that he had to take time off work to try to sort out the matter. But I think the compensation offered is fair, reasonable and proportionate in all the circumstances. We don't make awards of compensation that are intended to be punitive – because we don't have any power to fine or punish Barclays; that's the role of the regulator.

Putting things right

Where it has not already done so, Barclays Bank UK PLC must pay Mr B and Miss B the following amounts:

- £1,472.26 for interest charged on the mortgage;
- a payment for distress and inconvenience totalling £350.

My final decision

My final decision is that I partly uphold this complaint and direct Barclays Bank PLC to settle it as set out above. I make no other order or award.

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 Miss B to accept or reject my decision before 28 June 2023.

Jan O'Leary
Ombudsman