

The complaint

Ms N and Mr N complain that Barclays Bank UK PLC failed to treat them fairly when they attempted to make changes to their mortgage which resulted in them losing out on an interest rate.

What happened

The background of this complaint was set out by our investigator in their view and the facts have been accepted by both Barclays and Ms N and Mr N, so I've not set these out in any great detail below. Instead I've summarised the key points.

Ms N and Mr N are siblings who own a property jointly. When the existing fixed rate product was due to expire on the mortgage, Mr N attempted to transfer the mortgage property into his own name with additional borrowing with the intention of buying his sister out. He was hoping to fix his new mortgage for five years if successful. But if this wasn't an option, Ms N and Mr N would have fixed a new rate on the mortgage jointly for 2 years. They said they would have opted for the best rate available at this time with Barclays which was 3.05%.

The transfer of the mortgage property and additional borrowing wasn't successful because of fire safety defects and concerns about this within the development. This was despite Ms N and Mr N being reassured previously that this wouldn't cause a problem.

This delay meant the mortgage moved onto the standard variable rate for a brief period before a new two-year fixed rate was taken out at a rate of 3.13%. Ms N and Mr N complained to Barclays as they feel they've lost out as a result of the misinformation about the transfer of the mortgage to Mr N's sole name. It meant they paid the standard variable rate for a brief period and they have a rate which is 0.07% higher than it would have been.

Barclays agreed to back date the rate switch so the mortgage didn't move to the standard variable rate. It also offered £150 for the distress and inconvenience caused.

Our investigator looked at this complaint and felt Barclays needed to go further. She was persuaded the mortgage hadn't been charged the SVR based on the information provided and the new rate fix was implemented from 1 September 2022. But she felt Ms N and Mr N would have fixed their mortgage sooner and been able to obtain the lower rate if Barclays hadn't provided incorrect information about the transfer of the mortgage property (TOMP). Because of this, she recommended Barclays pay Ms N and Mr N the difference in interest between the mortgage they have (3.13%) and the mortgage they could have had (3.05%).

Ms N and Mr N did not disagree with the outcome suggested and waited to hear from us as to whether Barclays had accepted. This Service did not hear from Barclays in response to the view and as a result, the complaint was escalated for an ombudsman's decision. Ahead of the complaint being allocated, Mr N notified us that he's received a revised payment notice for the mortgage. This said the interest rate applied to the mortgage had changed and from 24 January 2023, was 3.05% and this was effective until 30 November 2024.

Mr N also received a separate letter which confirmed changes to the mortgage had been

made and a refund of £70.49 had been paid to the nominated bank account with the mortgage.

This Service chased Barclays for an answer on the complaint and whether it had accepted the investigators view and how it was actioning this. Barclays responded and apologised for an incomplete email address being used previously resulting in its acceptance not having been sent. It said it accepted the view of the investigator, but to put Ms N and Mr N in the position they'd have been in had it not made the error, it was honouring the rate as if it had been put in place from 1 September 2022. The end date is reflective of when this product would have ended and it refunded the difference from when this wasn't in place.

Ms N and Mr N don't think it is fair the end date on this fixed rate is now two months shorter than the fixed rate they took out in September 2022 and they've asked that this be extended until 31 January 2025. They feel that the current mortgage market conditions mean it is likely they will have to pay a higher rate with Barclays sooner than they otherwise would. And as they feel the fire safety issues will still be outstanding at this point, they won't have the option to search the wider market.

I issued a provisional decision on this complaint on 24 October 2023 and said the following:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm planning on upholding this complaint as I said at the outset. There is no dispute on the facts of this case or the outcome, so I'll focus on the outstanding matter, whether the resolution put forward by Barclays is a fair way to put this complaint right.

Our investigator recommended that Barclays simply refund the difference in interest Ms N and Mr N will pay over the cause of the two- year fixed rate period. However, I don't think this puts them back into the position they'd have been in had the error not occurred.

The starting point when looking at how to put things right when they've gone wrong is to consider what would have happened had the error not occurred. In this case Ms N and Mr N said, had they not been given inaccurate information about the TOMP application, they would have fixed their mortgage sooner. This would have meant they would have taken out the two-year fixed rate mortgage at 3.05% and this would have run until the end of this products term.

The end point of this product is slightly longer than two years and it finishes on 30 November 2024. But it does finish before the product they took in place of this one when Barclays initially said the previous rate couldn't be honoured.

Understandably, with the current mortgage market and interest rates, Ms N and Mr N are concerned about what rate they might be able to achieve at the end of the term. And with the ongoing concerns over the fire safety issues, they feel it's likely they'll be re-mortgaging with Barclays at this point. However, extending the period of their fixed rate beyond when it would otherwise have finished would be putting them in a better position than they otherwise would have been. And so I don't think it would be fair to ask Barclays to extend the term of their product by a further two months so that it matches the product term of the one they took out later.

There is no guarantee on what rate Ms N and Mr N will be able to achieve in December 2024. But the product they are now on, as previously requested ends on 30 November 2024 and I see no reason why this should be increased.

It is clear Barclays caused inconvenience and distress when it failed to provide advice on the point Mr N had made clear at a number of points about the fire safety issues. This resulted in further time and effort being spent on the product transfer which could have been avoided. But I think the £150 offered in recognition of this is fair.

I do think Barclays has added further confusion to this complaint through the lack of communication with this Service and Ms N and Mr N about the actions it was taking and why. And this has added to the time they've needed to commit to this complaint. The dispute resolutions rules that set out our powers make provision for delays in responses and specifically, DISP 3.5.14 allows for any material distress or inconvenience caused as a result to be taken into consideration.

While I accept Barclays attempted to comply with this Service and it took steps to put in place a resolution that was fair, it failed to respond to us and explain these steps. And when the action taken was not in line with the investigators assessment, this reasonably caused some confusion. So I plan on asking Barclays to increase its initial award by a further £50 to reflect this additional inconvenience.

Barclays responded to say it accepted the decision. Ms N and Mr N responded to say they accepted it in part.

Ms N and Mr N accepted a refund had been provided for £70.49 and the £150 compensation was accepted for the distress and inconvenience caused on the original complaint. They accepted the additional award I recommended of £50 for the failures in Barclays complying with this Service, although highlighted this was lower than they'd hoped for.

They didn't accept the remedy of the mortgage fixed rate term not being extended by an additional two months. Mr N reiterated that they will likely be unable to move to another lender and he has concerns Barclays will charge a higher rate than the current one. But they recognised the logic provided in why I hadn't recommended this.

Mr N also highlighted I had not made comment on his credit file and the impact of the rejected application for the TOMP. He feels he should be compensated for the potential negative impact of the declined application on his credit score as this would put him back to the position he would have been in had no error occurred.

As both Barclays and Ms N and Mr N have responded, the complaint has been passed back to me for 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.

Having reconsidered all information on this complaint and the new information provided, I see no reason to depart from my provisional decision. I know Ms N and Mr N will be disappointed by this as it stops short of the outcome they are hoping for, but I'll explain why I think this is fair.

I appreciate Ms N and Mr N feel the additional award I recommended under DISP 3.5.14 is lower than they would have liked, but I needed to take account of the steps Barclays did take following our investigators view as well as the steps it didn't.

Barclays did accept the recommendation and refunded the interest to Ms N and Mr N as recommended by our investigator. And it changed the interest rate on the mortgage to reflect

the rate they would have achieved from the start had a two-year fixed rate application been made before the TOMP application. So it did attempt to comply with this Service. Unfortunately in doing so, it failed to update us that it had accepted the recommendation and explain what it was doing in its attempts to put things right. But I feel the award of £50 to recognise any confusion experienced when the rate change letter and refund were received without explanation is fair.

I know Ms N and Mr N have concerns about the rate they'll be able to achieve when the fixed rate expires and it is unlikely they will be able to move from Barclays if the fire safety concerns remain unresolved. But this doesn't take away from the fact they would always have been in this position had they been able to take the two-year fixed rate option sooner. So in line with my provisional decision, I don't think it would be fair to ask Barclays to extend the term of the mortgage to the expiry date to reflect the later product Ms N and Mr N took out.

Mr N feels Barclays decision to reject his application for the TOMP will have impacted his credit score and he said to this Service that he feels this was the reason why he was later refused credit by another provider. He didn't raise this as a potential loss with Barclays when the complaint was made, so Barclays didn't comment on this aspect.

Barclays isn't a credit reference agency so it doesn't set the score Mr N has and each credit reference agency will differ in the information it relies on when setting its scores. Equally, each lender will consider a number of factors when deciding whether it is willing to provide credit and this includes which credit scores it will rely on to help assess potential applications. Mr N hasn't provided the details of the application he made that was declined and in the first instance, if he feels this was the result of Barclays error and his credit score as a result of this, he'd need to set this out as a complaint to Barclays.

I've considered whether, based on what Mr N has said about his credit score, it would be fair to increase the award for distress and inconvenience. Having done so, I don't think it would be fair to ask Barclays to increase this. I've not been provided with anything to show the reason why the other lender declined Mr N's application so I am not persuaded this is the cause of the loss here. And it wouldn't be fair to compensate for future distress and inconvenience based on what might happen as a result of Mr N's credit score and any impact the declined application had on this. Credit scores are updated monthly and so I can't say now that Barclays declined application will be the cause of any issues going forward. But if Mr N feels it does cause an issue, as and when he makes an application, he can raise this with Barclays.

Overall, I see no reason to depart from my provisional decision set out above and I uphold this complaint.

Putting things right

To put things right, Barclays needs to do the following:

If it has not already done so, pay the £150 previously offered for the distress and inconvenience experienced.

Pay the additional £50 for the added distress and inconvenience resulting from the failures in complying with our Service.

I note Barclays has already amended Ms N and Mr N's fixed rate product and refunded the additional interest paid when comparing what they would have paid had this been taken out sooner, so I think it has done what it needs to here.

I expect Barclays to consider any information Mr N provides to support it was the cause of any declined applications for lending. Recognising that the TOMP application would not have been completed had Barclays not provided incorrect information about this process.

My final decision

For the reasons I've explained above, I uphold Ms N and Mr N's complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms N and Mr N to accept or reject my decision before 21 December 2023.

Thomas Brissenden
Ombudsman