

The complaint

Mr and Mrs I complain that Barclays Bank UK PLC didn't allow them to cancel a new interest rate product for their buy to let mortgage during the cooling off period. They'd like the product fee and early repayment charge (ERC) refunded.

What happened

Mr I applied for a new interest rate product in early August 2022. He sold the property later that month and asked Barclays to cancel the product. Mr I said this was within the cooling off period.

Barclays says Mr I hadn't cancelled within the withdrawal period. It didn't agree to refund the product fee or ERC.

Mr I says he was given conflicting information about whether the product was cancelled and spent considerable time trying to sort out the matter. He says he didn't know the product start date was 3 August 2022, or that this was when the cooling off period started. He says he thought he'd have 11 days from when he signed the agreement on 9 August 2022.

Our investigator said Mr I had wanted the product to start as soon as possible when he applied, so Barclays hadn't made an error by applying the product from 3 August 2022. And even if the cooling off period had started when Mr and Mrs I signed the documents they would have still missed the deadline to cancel the product. Our investigator said the £750 offered by Barclays was fair.

Mr and Mrs I didn't agree and asked that an ombudsman reconsider the complaint.

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 says customers can cancel a rate switch that hasn't yet taken effect. And there's a cooling off period of 11 days for a customer to cancel a rate from the date it takes effect.

The issue here is whether Barclays misled Mr I about when the product switch would take effect, and that the cancellation period would start from that date.

Barclays provided recordings of its calls with Mr I.

Mr I called Barclays on 15 July 2022. He said he'd hoped to sell the property but the purchase hadn't proceeded. He said he'd given the purchaser a deadline of 22 July 2022 to complete and wanted to secure a rate before rates increased again. Barclays said the rate switch would apply from the next working day or the date chosen by Mr I, whichever was later. Barclays said there was a cooling off period of 11 days. There was no discussion about when the 11 days would start.

Mr I applied for the product online in late July 2022. He called Barclays on 1 August 2022.

He wanted to cancel the product and re-apply. Barclays cancelled the product during the call. It said Mr I would have to wait until he received confirmation the product had been cancelled, which would usually be three working days, before re-applying for a product.

Mr I called Barclays on 3 August 2022. He wanted to re-apply for the same product. Mr I filled out the product application while on the call. He had difficulty when he tried to enter the preferred start date as the system didn't accept 4 or 5 August 2022 as valid dates. There was a discussion about whether he could choose 3 August 2022 or if the standard variable rate would apply. Mr I said he'd been unable to enter 3 August 2022 – and then said it's alright now. He didn't ask about the cooling off period on this call.

There was a short delay in the product documents being sent to Mr I. Barclays sent Mr I a message asking him to get in touch. It wanted to check he wanted to take out a product with an ERC as he'd said he was selling the property. Mr I called on 5 August 2022 and confirmed he wanted to go ahead.

Barclays sent information about the new product to Mr and Mrs I on 8 August 2022. The mortgage information sheet says "you will have specified a preferred start date when you submitted your application but for the purpose of providing figures in this information sheet we assume the interest rate will start on 1 September 2022. The actual payments you will make will vary slightly, as they will be based on the mortgage balance on the date when the new interest rate is applied".

Mr I signed and returned the documents on 9 August 2022. The mortgage illustration sheet used an assumed date of 1 September 2022 to illustrate the monthly payments. But I think it was clear this was for the purposes of the illustration and not the actual start date. As Mr I told Barclays his preferred start date was 3 August 2022, I don't think Barclays made an error when it applied the product from 3 August 2022. I don't think it misled Mr I about this.

Mr I says the property was sold on 19 August 2022. He called Barclays on 22 August 2022. He said he'd sold the property and while he thought the product would cancel by default he wanted to make sure. Barclays asked if this was the first time he'd called to cancel and Mr I said he'd tried to call a few minutes before and failed security. He didn't say he'd tried to call before 22 August 2022. Barclays said it couldn't cancel the product as it was already in place.

Mr I says he tried to call Barclays on 20 August 2022 (a Saturday) but couldn't get through. I appreciate it's difficult for him to provide evidence he tried to call and was unable to get through, and that this was due to errors by Barclays. I must also take into account that Mr I didn't mention this when he called Barclays on 22 August 2022.

I don't think Barclays told Mr I the withdrawal period would start from the date he signed and returned the documents. Equally, I don't think it told him it would start from when the product was effective. But even if the 11 days had started from 9 August 2022, Mr I would still have missed the deadline to cancel the product.

I know Mr and Mrs I will be disappointed. But I don't think Barclays made an error. It applied the rate switch with effect from 3 August 2022, in accordance with Mr I's instructions. It checked this was what he wanted to do, given he'd said he was selling the property. Mr I didn't cancel within the 11-day withdrawal period.

There was some confusion as to whether Barclays would refund the ERC and product fee and this must have been frustrating for Mr and Mrs I. But I don't think this makes it fair and reasonable to require Barclays to refund these sums. I think Barclays' offer of £750 for the delays and falsely raised expectations is fair and reasonable.

My final decision

My decision is that Barclays Bank UK PLC should pay £750 to Mr and Mrs I as it offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs I and Mr I to accept or reject my decision before 2 October 2023.

Ruth Stevenson
Ombudsman