

The complaint

Mrs G complains about her buy-to-let (BTL) mortgage with Barclays Bank UK Plc. She says that between June and October 2022 she made many attempts to speak to Barclays on the telephone to arrange a new interest rate product, but she couldn't get through to someone who could help her. This meant that upon the expiry of her existing product in September 2022, the mortgage reverted to Barclays' Standard Variable Rate (SVR), which increased Mrs G's payments substantially.

Mrs G also complains that when she was able to apply for a new product in October 2022, interest rates had increased, and she'd missed the opportunity to secure a cheaper product. She's also unhappy that Barclays didn't apply the product she applied for to her mortgage. Her mortgage has remained on Barclays' SVR, and Mrs G stopped making payments.

Mrs G says the matter has caused her significant distress and inconvenience.

What happened

Mrs G holds a BTL mortgage with Barclays. Her existing tracker rate product was due to end in September 2022, and she wanted to secure a new product before the mortgage reverted to Barclays' SVR.

Mrs G says that due to her mortgage being held on an old system with Barclays, unlike some of its other customers, there's no option for her to complete a "self-service" application for a new product online. She says the process for her mortgage, which she has become familiar with over time, is for her to speak to an adviser on the telephone who then sends her a link to a list of products that she can select from and apply for.

Mrs G says she first tried to contact Barclays by telephone to arrange a new product in June 2022. However, despite numerous attempts, spanning several months, she was unable to get through to someone who could help her. She says that she was either on hold for too long, or got cut off, or was prompted to apply online - which wasn't an option for her.

Mrs G says this continued for several months, until she was told to use a specific mortgage telephone number. But by this point, her existing product had already ended (in September 2022) and the mortgage had reverted to Barclays' SVR.

Mrs G complained to Barclays about the difficulty she'd faced getting through to someone on the telephone, which she said had resulted in her missing out on the opportunity to secure a more competitive product. Because of this, she wanted Barclays to put her in the position as if she had applied for a more competitive product in June 2022 – when she'd first tried to contact it.

In its final response dated 14 October 2022, Barclays said it wouldn't agree to do this. It said it hadn't found any record of her call attempts, but it did acknowledge that due to the economic climate at that time, its phone lines had been extremely busy, and it apologised for that. It also referred to a previous offer of compensation of £200 and said it wouldn't be increasing this. It also noted that Mrs G had, by then, been sent a link to complete an application for a new interest rate product.

When Mrs G did apply for a new product on 17 October 2022, her application wasn't successful. Barclays' records show that Mrs G wasn't eligible for the product she'd selected because she hadn't met the loan to value (LTV) requirement, which was a maximum of 65%. However, Mrs G says she wasn't told about this until February 2023, and her mortgage has remained on Barclays' SVR to date.

Mrs G referred her complaint to this Service and the Investigator upheld it in part. In summary, he said:

- He didn't think it was fair to tell Barclays to honour products that were available in June 2022. He acknowledged the longer call waiting times would have been difficult and frustrating for Mrs G, but the reasons for this were outside of Barclays' control.
- Mrs G had selected a product that she wasn't eligible for. This is why the rate was never applied. Barclays have said their records suggest they did notify Mrs G about this by email, but they were unable to locate a copy of the email. On balance, he thought it was more likely than not that Mrs G hadn't been told she wasn't eligible for the product she'd applied for.
- To put things right, the Investigator said Barclays should allow Mrs G to select a product from what she would have been eligible for in October 2022 (when she submitted her application) and Barclays should re-work the mortgage from October 2022 to reflect this. It should also pay Mrs G an additional £150 compensation for the distress and inconvenience it had caused.

Mrs G didn't agree with the Investigator. She maintained her view that Barclays should put her in the position as if she had secured a more competitive product in June 2022.

As agreement hasn't been reached, the complaint has been passed to me for a final decision.

Having considered the relevant information about this complaint, I reached a similar conclusion to the Investigator. I issued provisional decision to give the parties the opportunity to make any further submissions they wanted me to consider before making a final decision.

My provisional decision

In my provisional decision, I 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.

Having done so I've reached a similar conclusion to the Investigator. This is that Barclays is responsible for errors and omissions that have caused financial detriment to Mrs G, and it needs to take steps to put things right. However, my view differs on some of the detail about the parameters for the settlement. By issuing this provisional decision, I'm giving both parties the opportunity to comment before I finalise my decision.

As a starting point, where a customer has lost out financially, we would look to put them back in the position they would have been in, as far as possible, if the business hadn't got things wrong.

Here, Mrs G says she would have secured a more competitive product available in June 2022, had she been able to get through to Barclays on the telephone at that time.

Barclays has confirmed that due to Mrs G's mortgage being held on an old system, she couldn't access her account online or via its mobile app. It also confirmed that she needed to be sent a link by email to be able to select a new product. So, I'm satisfied Mrs G did need to speak to an adviser before she could apply for a new product.

However, Barclays says it hasn't been able to locate any record of Mrs G attempting to speak to it until 29 September 2022, and its records show she was first successful in getting through to someone on 4 October 2022.

Whilst Mrs G hasn't provided any record to show she tried to contact Barclays before 29 September 2022, having considered her testimony and also the wider economic climate at that time – mortgage rates were rising sharply along with demand to secure new products - I think it's likely that she did try to contact Barclays before 29 September 2022, and she likely experienced long call wait times - which Barclays has accepted was the position at that time.

That said, Barclays was still operating during this time. Whilst I accept a significant amount of perseverance from Mrs G would likely have been necessary, I'm not persuaded an influx of calls from customers made it impossible for Mrs G to get through to someone between June and 29 September 2022.

It follows that I don't think it would be fair in the circumstances to require Barclays to put Mrs G in the position as if she had secured a product available in June 2022, or earlier than 17 October 2022, when Mrs G submitted her application.

I've gone on to consider what happened when Mrs G did apply for a new product in October 2022 and why this wasn't applied to the mortgage.

I've listened to Mrs G's telephone conversation with a Barclays adviser on 4 October 2022. During this call, Mrs G asked to be sent a link so she could select a new product. The adviser told Mrs G that its system wasn't generating a valuation for the property, but they could go off what Mrs G thought the value of the property was - and this would determine the link that would be sent. Mrs G told the adviser that she'd had the property valued by two professional agents not so long ago, and to record the value of the property as £1,200,000. Later in the call, Mrs G asked for this to be increased to £1,250,000 and the adviser said she could do this as long as Mrs G thought this was realistic, and Mrs G confirmed that she thought it was. Barclays' notes show the LTV calculated at that time was less than 65%, and Mrs G was sent a link to products to select from on that basis.

I've also listened to the telephone conversation that took place on 10 October 2022. During this call Mrs G told the adviser that she'd gone back to the agent who'd valued the property previously and she'd been advised the value of the property had increased to £1,350,000, and she wanted to use this value for the LTV calculation. The adviser agreed and confirmed the new LTV calculated was 47.64%, which meant Mrs G could select from any of its products and a new link was sent to Mrs G.

On 17 October 2022, Mrs G submitted an application for a two-year tracker rate product at 1.34% above the Bank of England Base Rate (BoEBR), which required a maximum LTV of 65% and had a product fee of £1,795.

I can see from Barclays' records that on 31 October 2022 it completed its own valuation of the property. This was recorded as being £900,000 - which was significantly less than the valuations provided by Mrs G. This also meant the LTV had increased to 71.83%. As this didn't meet the required LTV for the product Mrs G had applied for (65%), her application wasn't approved.

Importantly, Barclays' record dated 31 October 2022 details the following:

"Action for CRT: Customer has been supplied with an incorrect link for products in a different LTV band. Please send the correct Link for their LTV."

Barclays has confirmed that when it is unable to generate a valuation, it is its usual process to accept a valuation from a customer to determine the products they can select from, so I don't think it has acted outside of its usual process by accepting the valuation provided by Mrs G. I'm also satisfied that during the 4 October 2022 call, the adviser made it clear that the valuation provided by Mrs G needed to be realistic as this would be used to determine the LTV and the link to the products Mrs G could select from. So, I think Mrs G should have been aware that if the valuation provided wasn't considered to be realistic, this could alter the products available to her.

However, it is clear from Barclays' record dated 31 October 2022 that Mrs G should have been told that she hadn't met the LTV requirement for the product she'd applied for and she should have been sent a new link to products available to her with the revised LTV. Barclays' records indicate an email was sent to Mrs G on 1 November 2022. However, Mrs G says she didn't receive this - and Barclays have been unable to provide a copy of this email.

Importantly, I'm aware that Mrs G called Barclays on at least six occasions between 31 October 2022 and 10 February 2023 to chase her receipt of the relevant documents to sign and confirm the product transfer. I've listened to these calls, and despite Mrs G making Barclays aware of the urgency of the situation on several occasions - she couldn't afford to pay the increased payments on the SVR and the mortgage account was in arrears - she wasn't told her application hadn't been successful. In fact, on several occasions, she was told that the documentation would be sent to her. And during the call that took place on 4 January 2023, Mrs G was assured there wasn't any problem with her application.

It wasn't until 10 February 2023 that Mrs G was finally told she hadn't met the LTV requirement for the product she'd applied for in October 2022 - and she became incredibly upset at hearing this news.

It is clear to me that Barclays let Mrs G down. Barclays should have told Mrs G in early November 2022 that it didn't think she was eligible for the product she'd applied for, but I'm not persuaded that it did this until 10 February 2023, after a significant amount of chasing from Mrs G. But for Barclays' error, given Mrs G's apparent urgency in securing a new product, on balance, I think it's likely she would have applied for a product from the revised LTV band without delay in early November 2022. And I haven't seen anything which would indicate her application wouldn't have been successful.

I've taken into consideration that had Mrs G been told in early November 2022 that she hadn't met the LTV requirement, Barclays would have given her the opportunity to challenge its valuation of the property. However, Mrs G has recently confirmed that the property wasn't properly valued, and the valuations she'd provided to Barclays were based only on conversations she'd had with local estate agents, and these conversations weren't followed up in writing. Given the lack of evidence to indicate Mrs G would have been able to successfully challenge Barclays' valuation, resulting in it being satisfied that she did meet the LTV requirement for the product applied for in October 2022, I'm unable to tell Barclays to apply this product to her mortgage.

It follows, that I think that Barclays needs to take steps to put Mrs G in the position as if she had applied for a product that she was eligible for with the revised LTV of 71.83%.

Mrs G applied for a two-year tracker product at 1.34% above BoEBR with a product fee of £1,795 and the closest alternative to this, given the revised LTV, would have been a two-year tracker product at 1.59% above BoEBR, also with a product fee of £1,795. I'm satisfied that this is likely the product Mrs G would have selected had she been provided with the correct information on 1 November 2022, and I haven't seen anything that indicates her application for this product wouldn't have been successful.

Considering everything, I provisionally think Barclays should re-work Mrs G's mortgage, applying its two-year tracker product at 1.59% above the BoEBR from the earliest point this could have come into effect based on an application being submitted by Mrs G in early November 2022. This should run until the end of the two-year term. Barclays should confirm the product end date in writing to Mrs G.

The arrears balance on the account should be revised on the basis of this rate being applied from the earliest point it could have come into effect. Any arrears fees or charges and any adverse information recorded with credit reference agencies should be updated to reflect the revised arrears position.

If Mrs G is able to pay the revised arrears balance within one month of my final decision, Barclays should allow her to make this payment without charging any Early Repayment Charge (ERC).

If Mrs G is unable to pay the revised arrears balance within one month of my final decision, Mrs G should contact Barclays directly to discuss any repayment and/or forbearance options available to her.

I've also taken in to consideration that Mrs G says she was told by Barclays to cancel her payments. However, I haven't seen any evidence to show this happened. Importantly, during the 4 October 2022 telephone conversation, the adviser told Mrs G that she needed to make her next payment. Given this, I'm not persuaded Barclays is responsible for Mrs G's decision to stop making payments towards her mortgage.

I've also thought very carefully about the impact the matter has had on Mrs G. I appreciate her worry about arrears accruing on her account and trying to resolve the matter has caused her significant worry, stress and upset. Given this, I think it would be fair and reasonable in the circumstances that Barclays should pay Mrs G an additional £250 compensation for the impact the matter has had on her.

Putting things right – my provisional decision

To settle this complaint, I proposed to require Barclays Bank UK PLC to calculate redress as follows:

- re-work Mrs G's mortgage, applying its two-year tracker product at 1.59% above the BoEBR from the earliest point this could have come into effect based on an application being submitted in early November 2022. This should run until the end of the product term. Barclays should confirm this date in writing to Mrs G.
- Calculate a revised arrears balance based on the above product being applied to the mortgage.
- Any arrears fees or charges and any adverse information recorded with credit reference agencies should be updated to reflect the revised arrears position.

If Mrs G is able to pay the revised arrears balance within one month of my final decision, Barclays should allow her to make this payment without charging any ERC.

Barclays should also make an award of £250 for the distress and inconvenience caused by its actions. This is in addition to the £200 it has already paid Mrs G.

Responses to my provisional decision

Both parties responded to my provisional decision.

Barclays confirmed that it agreed with my provisional decision and added that Mrs G should pay the product fee applicable to the product.

Mrs G said, in summary, that she'd made between four and eight attempts to contact Barclays each week, mainly between July and September 2022, but she'd been unable to obtain any phone records from that time from her phone provider. She says she spoke to someone via webchat on 28 September 2022 and had said that she'd been trying to get through to someone for a long time - and she wouldn't have said that if she hadn't. Further, Mrs G thinks a new rate should apply from July or August 2022.

Mrs G also provided links to information about six different local properties, showing the amount they sold for between 2022 and 2023. The amounts ranged from £1,150,000 to £1,705,000 and included both one and two-bedroom properties.

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 taken into account everything Mrs G has said in response to my provisional decision. Having done so, I still find there's insufficient evidence to show Mrs G was prevented from speaking to someone at Barclays until she got through to someone on 29 September 2022.

I've also reviewed the information Mrs G has provided about the sales prices for local properties in 2022 and 2023. However, this concerns a range of different properties, and not Mrs G's specific property. It follows that I don't find this is sufficient evidence to show Mrs G would have been able to successfully challenge Barclays' valuation of the property at £900,000 and therefore its decision about the LTV applicable had Mrs G been given the opportunity to do so.

I agree with Barclays that Mrs G should pay the applicable product fee of £1,795. This is the same amount as the fee charged for the product Mrs G applied for in October 2022. I can see from the application confirmation dated 17 October 2022 that Mrs G had opted for this fee to be added to the outstanding mortgage balance. If Mrs G no longer wishes for that to happen, she needs to contact Barclays directly and let it know how she intends to pay this fee.

After reviewing everything, including all of the surrounding circumstances and the responses I received to my provisional decision, I see no reason to depart from my findings in my provisional decision. For the reasons I've explained here and in my provisional decision, I uphold this complaint and require Barclays Bank UK PLC to calculate and pay redress as I've set out below.

Putting things right

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- Calculate a revised arrears balance based on the above product being applied to the mortgage.
- Any arrears fees or charges and any adverse information recorded with credit reference agencies should be updated to reflect the revised arrears position.

If Mrs G is able to pay the revised arrears balance within one month of my final decision, Barclays should allow her to make this payment without charging any ERC.

Barclays should also make an award of £250 for the distress and inconvenience caused by its actions. This is in addition to the £200 it has already paid Mrs G.

My final decision

My final decision is that I uphold this complaint and I require Barclays Bank UK PLC to calculate redress as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 4 September 2024.

Michelle Griffiths
Ombudsman