

The complaint

Mr and Mrs K complaint that Barclays Bank UK PLC delayed their mortgage application. As a result, they lost out on the interest rate they wanted.

What happened

On 26 July 2022, Mr and Mrs K applied to Barclays to take out a two-year interest rate tracker product, 0.75% above the Bank of England base rate (base rate). They said Barclays handled the application poorly and delayed it. As a result, their mortgage reverted to the standard variable rate (SVR).

Mr and Mrs K said they had an offer from another lender for an interest rate of 3%. But that offer expired because of Barclays' delays and they ended up taking a five-year fixed rate of 4.14% instead. They consider Barclays should pay the difference between what they paid and what they would have paid had the 3% interest rate gone ahead.

I issued a provisional decision upholding the complaint in part. My provisional findings, which form part of this decision, were:

Barclays has accepted that between the application being received and the offer being issued there was a two-week delay – and that was outside its usual timescales.

It later came to light that Mrs K sometimes used a different name from what was on the application and that required further checks. There were also issues around whether another mortgage Mr and Mrs K had was repaid. I accept these were legitimate queries for a mortgage lender to have and Barclays was entitled to look into them.

But some of the information Barclays requested wasn't needed or had already been provided by Mr and Mrs K. That caused some delays. Mr and Mrs K also said that they received poor service from Barclays throughout that period and I can't see that has been disputed. A new mortgage offer was issued on 14 October 2022. But by that time Mr and Mrs K had already switched rates with their existing lender.

While the time taken was only a few weeks, I accept that there was an avoidable delay of around three or four weeks. So if Barclays had acted fairly and reasonably it could have issued the new mortgage offer or been ready to proceed between 8 and 15 September. Where I find that a business had not acted fairly and reasonably, I look to put the affected party back in the position they would have been in had they been treated fairly.

If Barclays had dealt with Mr and Mrs K fairly and reasonably, it would have issued the new mortgage between 8 and 15 September. But it's not clear if that had happened that Mr and Mrs K would have taken the Barclays mortgage or that they have suffered a financial loss by not doing so.

The difficulty I have is that on 29 September 2022, Mr and Mrs K received a mortgage offer from their existing lender. It said they'd received advice from a mortgage broker – it is not clear when they received that advice. The statements they've provided show that the new

rate was in place on 5 October 2022. So the starting point is that Barclays is responsible for the interest paid at SVR between 15 September and 5 October. But I don't think that is fair in the circumstances here. I'll explain why.

First, it is not clear that Mr and Mrs K have actually suffered a loss as a result of Barclays' delay. As I explained, I would look to put them in the position they would have been in had Barclays acted correctly and they took the Barclays' tracker interest rate. If they had taken the tracker rate, their mortgage payments would have tracked the base rate. On 15 December 2022, the base rate increased to 3.5%. So the tracker interest rate from that point would have been higher than they actually paid from 5 October – and it has remained higher since. Over the fixed term they will pay considerably less interest than if they had gone ahead with Barclays.

Second, I'm not persuaded that Mr and Mrs K would have gone ahead with the tracker rate with Barclays even if there were no delays. I say that because Mr and Mrs K told us they chose not to proceed with Barclays as the offer was no longer "viable". We know that Mr and Mrs K had made that decision by 29 September 2022 and are likely to have received mortgage advice some time before that. The base rate had increased once since Mr and Mrs K applied to Barclays on 4 August 2022. Presumably they expected it to do so again. So they made the rational decision to choose a fixed rate instead. I don't see how I could fairly say that Barclays should compensate Mr and Mrs K for their decision.

Overall, I don't consider it would be fair for me to say that Barclays should compensate Mr and Mrs K for the time they paid SVR.

I note Mr and Mrs K said that they would have taken an earlier fixed rate offered by their lender if Barclays hadn't delayed things. I haven't seen any evidence any rate was offered. And I can't see how Barclays is to blame for their decision not to take that rate.

I need to decide what is a fair amount of compensation for the distress and inconvenience Mr and Mrs K suffered because of the delays. I accept that reverting to SVR between around 8 and 15 September and 5 October will have caused Mr and Mrs K some worry and they've said the process overall caused them "incredible stress". There was also the uncertainty and inconvenience of the three or four-week delay, along with the poor service they received.

In all the circumstances and considering our approach to compensation, I consider that Barclays should pay Mr and Mrs K £300 for any avoidable distress and inconvenience it has caused to them.

Mr and Mrs K and Barclays both accepted my provisional 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.

As both parties have accepted my provisional decision, I see no reason to depart from the findings set out above.

My final decision

My final decision is that Barclays Bank UK PLC should pay Mr and Mrs K £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K and Mrs K to

accept or reject my decision before 21 November 2023.

Ken Rose
Ombudsman