

The complaint

Mr and Mrs P complain about what happened when they remortgaged with Barclays Bank UK PLC. They said it took a long time to get the remortgage rate they wanted, and then the contractual monthly payment was around £100 more than Barclays said it would be.

What happened

Whilst this complaint is brought by both Mr and Mrs P, as the mortgage is in both their names, most of our dealings have been with Mr P. So I'll mainly refer to him in this decision.

Mr P told us he tried to remortgage with Barclays, his existing lender, in September 2022. Barclays has since told him there was a mistake in this application. But Mr P said he wasn't told that at the time, when he chased Barclays up about this, asking why he didn't get the promised paperwork. Mr P said it took about two months for his remortgage to be completed.

Mr P's new mortgage then started in February 2023. It was then he found out that his payments were around £100 more than Barclays had told him they would be. Mr P said at first he was told this was just because he was paying partly on the old rate and partly on the new. But then Barclays accepted it had made a mistake.

Mr P had an existing overpayment on his mortgage. When Barclays told him what his new monthly payment would be, on a new rate, it assumed Mr P would use all of the money he'd overpaid to reduce his monthly payment. But Mr P didn't want to do that. He wants to use that overpayment to reduce the term of his mortgage instead. And Barclays had never told Mr P about this underlying assumption in its calculations. So it had given Mr P wrong information.

Barclays said it accepted mistakes were made in this case. Firstly, it accepted there were delays in providing Mr P with the rate he wanted. It had honoured the rate he wanted in September, and it paid him £150 to say sorry for the delays.

Then, secondly, Barclays also accepted it had told Mr P his monthly payments on the new rate would be a little over £300 per month, but they are actually over £400. Barclays said the lower monthly figure was based on using all of Mr P's existing overpayment to reduce the monthly payment on his mortgage, not the overall term of the mortgage. It said it could use Mr P's overpayment to reduce his monthly payments now, if he would like. And Barclays offered Mr P £150 to say sorry for this too.

Our investigator didn't think this complaint should be upheld. She said the payment Barclays had made for the delays in finalising Mr P's rate switch was fair. She agreed that Mr P's questions about his monthly payments hadn't been handled well, but she said Barclays had explained why Mr P was paying more now than he expected. And she thought its offer of £150 fairly reflected the overall inconvenience experienced. So she didn't think Barclays had to do more than it had offered.

Mr P said he and Mrs P were very disappointed. He didn't want to consolidate the overpayments, he still wanted to pay off his mortgage sooner. He didn't think it was fair that

he was only told later that his payments would be almost £100 a month more than he'd been quoted when he took up Barclays' offer. But our investigator said she didn't think it would be fair to ask Barclays to cover this extra payment each month.

Because no agreement was reached, this case then came to me for a final decision. And I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it in part. This is what I said then:

Mr P has had an unfortunate experience in remortgaging with Barclays. It's clear that mistakes have been made.

Firstly, Barclays made mistakes in administering Mr P's remortgage, and it appears to have taken some time to put those right. It looks like Mr P had to chase this repeatedly to resolve the issues.

Barclays honoured the rate that was available when Mr P first started to try to remortgage, and it has paid him £150 in compensation for this. I do think that provides a fair outcome to this part of Mr P's complaint.

Secondly, Mr P was told his monthly payments would be a bit more than £300, but instead they are over £400 each month. It appears that Barclays accepts it made a mistake here too. It based what it said to Mr P about his future monthly payments on the assumption that he would use the overpayments on his mortgage to reduce the monthly payment, not to reduce its term.

I haven't seen anything to suggest to me that Mr P had ever told Barclays he wanted to use his overpayment to reduce the monthly amount, or that Barclays had explained to Mr P that its mortgage offer assumed he would do this. So Barclays didn't communicate clearly with him, and the basis on which Mr P made his decision was wrong.

Barclays has offered Mr P £150 to say sorry for this. But Mr P didn't want to accept that. He didn't think that was enough to make up for finding out, after he'd agreed a new five year fixed rate, that he would be paying around £100 more each month than he was anticipating.

In seeking to resolve this complaint, I think we need to consider what Mr P would have done, if he'd been given the right information by Barclays when he got his mortgage offer – so he'd understood his payments would be a bit more than £400 each month.

I know Mr P has suggested that if he'd been told how much he would actually be paying, he would have looked to remortgage with a different lender instead. But I can see Mr P benefitted from a reward rate on his remortgage which Barclays only offers to existing customers. Whilst I can't be sure that Mr P could not have improved on this rate elsewhere, I have looked at the industry literature from the time on the best available five year fixed interest mortgage rates. And that makes me think Mr P may have found it quite difficult to do better elsewhere at the time.

I'm happy to consider further evidence on this point, if Mr P is able to show us that he may have been able to secure a better rate elsewhere at the time. But at the moment, I think it's likely that Mr P would still have gone ahead with this remortgage, even if he'd been properly advised by Barclays.

So if Mr P would still have gone ahead with this remortgage, then I need to think about the impact of this mistake. I think that Mr and Mrs P would have been very disappointed to find out that their mortgage payment was so much more each month than they were (quite reasonably) expecting to have to pay. I think it's reasonable to assume that would impact on their monthly budgeting, and on their longer term plans for paying off this mortgage early.

I should stress that I don't think that means Barclays has to pay this extra amount for Mr and Mrs P – because I think that they would most likely have taken up this mortgage anyway, if it had been properly explained to them. But what I think Barclays does have to do, is to pay compensation for the disappointment and frustration that Mr and Mrs P would have felt, when they realised the mistake.

I don't think Barclays' offer of £150 properly reflects that disappointment and frustration. I think a payment of £350 would be more appropriate for this part of Mr and Mrs P's complaint.

Although I have stressed that I will reconsider the outcome here, if Mr P can show that he could have secured a better mortgage rate elsewhere in September 2022, my current view is that a total payment of £500 would provide a fair and reasonable outcome to this complaint.

That total includes the £150 that Barclays has already paid for delays in arranging the remortgage, and the £150 that it offered for the mistake about Mr and Mrs P's monthly payments on that new rate. My provisional award would allow Barclays to count towards the total award, any payment it has already made to Mr and Mrs P for this complaint – so if, as I understand it, only one amount of £150 has been paid, the provisional award would require Barclays to pay a further £350 now.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

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 replied, to say that it had issued two final response letters for issues covered by this case, and it had paid £150 in compensation. So it said that would leave £350 to pay now. I think that is in line with the decision I'm setting out below.

Mr P replied to say he was disappointed to see he would still be paying more than Barclays had, repeatedly, told him he would have to pay. He said that there was no way for him to find out what the available mortgage rates were in September 2022, so he said he thought it would be hard to prove he could have got a better offer.

I replied to Mr P, to say that I appreciated he and Mrs P would have been very disappointed by what had happened, and I'd suggested an increased amount of compensation because I didn't think that disappointment was properly reflected in Barclays' initial offer.

I mentioned ways in which Mr P might be able to obtain information about the mortgage rates available in September 2022. I also said that if Mr P was able to point us to a particular bank he would have approached at the time, and offer some evidence that he might have secured a better rate there, then our service could explore that further.

I also noted, however, that I had checked the industry information available to me, and it suggested that the rate Barclays offered its existing customers at the time was very competitive. I said in my provisional decision that I thought it was likely Mr and Mrs P would still have remortgaged with Barclays, even if they'd been better informed about their future monthly mortgage costs, because I didn't think it was likely that they could have done much better elsewhere. But I didn't want to finalise a view on that, without offering Mr P the opportunity to comment further, and offer additional evidence, if he wished to do so.

Our service hasn't heard from Mr and Mrs P since then, and the deadline for responses to my provisional decision has now passed. I think it's now appropriate to finalise my decision. Neither side has offered any further evidence or argument, and I haven't changed my mind. So I'll now make the decision I originally proposed.

My final decision

My final decision is that Barclays Bank UK PLC to pay Mr and Mrs P a total of £500 for this complaint. Barclays Bank UK PLC can count towards that total any amount it has already paid to Mr and Mrs P for this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 15 February 2024.

Esther Absalom-Gough
Ombudsman