

The complaint

Mr and Mrs B complain that Barclays Bank UK PLC offered them a fixed rate of 4.51% on part of their mortgage, and later said this was agreed and would be applied. But then it changed its mind, and wouldn't honour this commitment.

What happened

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

Mr B explained that his mortgage was in two parts, and one part was up for renewal. He spoke to someone at Barclays, and said he arranged a new rate for this part of the mortgage. He said he chose a rate of 4.51% fixed for 5 years with a fee of £999. Mr B told us this was agreed and signed, and Barclays had confirmed that the new rate would take effect from May.

Mr B said he then received an email saying that there was a problem, as Barclays had sent the wrong link for his mortgage application. Barclays told him he would need to redo his application, but the interest rate would now be 5.62% for five years, with a fee of £1,999. Mr B said he and Mrs B had worked out their finances based on the rate they expected.

Mr B said he complained, and said he was told it was likely that Barclays would honour the lower rate, of 4.51%. He then booked a tracker rate for this part of his mortgage, but Mr B said he did this in anticipation that Barclays would amend this to the rate he was first offered, and he said at one point Barclays even confirmed this.

Mr B said his complaint hadn't been upheld. Although Barclays accepted it had made a mistake, it wouldn't honour the rate it had offered and only offered £250 compensation.

Mr B said he would like Barclays to put his whole mortgage into one account, instead of two, moving this higher rate borrowing into the other part of the mortgage where the rate was much lower. But if it couldn't do that, he wanted it to honour the original agreement.

Barclays said that it had made a mistake here, because when it sent Mr B a link to apply to remortgage one part of his existing borrowing, it sent him a link for a mortgage with a loan to value which was lower than his borrowing. It said it was sorry about that, but Mr B just wasn't eligible for the rate that had been discussed, so it wouldn't move him onto that rate now. It confirmed it would still honour its previous offer of £250 in compensation.

Our investigator did think this complaint should be upheld, but he didn't think Barclays had to honour the rate it had first discussed with Mr B. Our investigator thought Barclays had made a mistake, as it sent Mr and Mrs B a link that led to them submitting an application for a mortgage product they did not qualify for. But he didn't think Barclays had then confirmed this rate would apply. Instead Barclays got in touch to tell Mr and Mrs B about the mistake.

Our investigator noted that Mr and Mrs B had applied for a two year tracker rate on 27 March 2023, and he didn't think Barclays had to make changes to this mortgage product. But he did

think Barclays should pay more compensation. He noted the original mistake was Barclays' and that Barclays initially suggested it would honour the original rate before it then confirmed it wouldn't. Our investigator thought that Barclays should pay a total of £400 for the trouble and upset it had caused Mr and Mrs B.

Mr B said he was surprised by the response from our service. He thought we were here to protect consumers. He said he wouldn't have moved to the variable rate, he'd only taken that because Barclays had told him to apply for something, and it could then adjust the rate. Mr B said we should at least have requested that Barclays let him backtrack to the rates available to him in February 2023, when the mistake was first made.

Our investigator said he'd understood that when Mr B applied for the two year tracker rate, on 27 March, Barclays had already confirmed that it wasn't going to allow him to row back to the rate it discussed with him in February. The letter confirming this was dated 24 March.

Mr B said that wasn't right. He ran through a quick history of the complaint, and sent some further evidence. He said he'd received confirmation this application had been processed. But then on 8 March, Barclays told him there was a problem. Mr B said he spoke to Barclays on 10 March, and was told not to worry, but Barclays also insisted he complete another application so they could fix the rate. Mr B said he did that on 15 March, after receiving an email confirming that his rate would then be adjusted to the 4.51% previously discussed.

Mr B said that the complaint letter from Barclays was dated 24 March, and he applied for his new tracker on 15 March, which was before Barclays turned down his complaint.

Mr B said he and Mrs B had completely refinanced after they spoke to Barclays on 20 February, on the basis that they would be approved for the 4.51% rate for that part of their mortgage, and they said this was causing them financial difficulties now. He said Barclays hadn't been "clear, fair and not misleading", it had breached the consumer duty, and wasn't treating customers fairly.

Our investigator said the complaint response letter was sent on 24 March, and Barclays' mortgage notes show Mr B finalised his rate switch application on 27 March 2023. By then, our investigator said Mr B knew Barclays would not honour his original rate.

Mr B said that he hadn't received the letter from Barclays by 27 March. 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. This is what I said then:

I should start by setting out the role of our service. Mr B said he didn't think our service was doing its job of protecting consumers. But our service isn't a consumer champion, and we're not here to support one side over the other. Rather, we're an independent dispute resolution service, and that's the basis on which I have to resolve this case.

Mr B said his preferred resolution would be for Barclays to combine the two parts of his mortgage into one, at the fixed interest rate applicable to the other part of his mortgage. But I don't think the mistake Barclays made here has anything to do with that other part of Mr B's mortgage, so I don't think it would be fair and reasonable for me to ask Barclays to do that.

Mr B said that alternatively, he would like Barclays to honour the rate it first offered to him. I'm sorry to have to tell him that I don't think Barclays has to do that. I'll explain why not.

I understand that Mr B is of the view that his remortgage with Barclays at 4.51% had been agreed. But I haven't been able to see that Barclays had done more than confirm the application had been submitted. I don't think Barclays ever made a formal offer of a remortgage to Mr and Mrs B at 4.51%.

I do understand that Mr B may not have expected any hitches in this application, and that he would have been bitterly disappointed to find out the rate he was finally offered was so much higher. I will take that into account when I'm considering compensation, below.

Mr B then received an email, that he understood to give a commitment from Barclays to honour the 4.51% rate for him. I also think the email he apparently received does suggest this. But I note that Mr B said at the outset of his complaint to us, that Barclays had actually formally committed to applying the 4.51% rate to his mortgage. And I haven't been able to see it had done that. So I think it's likely that this offer by Barclays was based on the assumption that a formal commitment to provide a rate of 4.51% had been made. It seems likely that Barclays then decided it wouldn't apply this rate, because when it investigated further, it found it hadn't given this commitment after all.

Mr B said he applied for a tracker, because of this email. I think it's likely that Mr B did make this application before he received and read Barclays' formal letter in response to his complaint, saying it wouldn't honour his rate after all. So I don't think it's likely Mr B made an informed choice to take this tracker rate.

Barclays' complaint response letter also said Mr B would need to apply for a new rate, from those currently available. And I think that means the response by Barclays failed to put Mr B back in the position he'd have been in, if this mistake hadn't been made. Although it doesn't look as if there had been significant shifts in the available rates between 20 February 2023, and the end of March 2023, I do still think Barclays should have offered then to allow Mr B to choose from the other rates which were available on 20 February 2023, when he was wrongly steered towards a rate he didn't qualify for.

So, as part of the redress in this case, I'll ask Barclays to do that now. It should allow Mr B to choose whether he wants to apply a different rate, which it could have offered him on 20 February 2023, and to recalculate his mortgage on that basis, from the date that would have come into effect. Barclays isn't, however, required to offer Mr B other rates that have become available since that date.

Mr B will of course gain the benefit of some hindsight in making this decision. But as I think this should have been done when Barclays first dealt with his complaint, I do think that remains fair.

I'll arrange for our service to provide Mr and Mrs B with the relevant rates from 20 February 2023. I should note here that I haven't been able to see that the alternative rate Barclays suggested, of 5.62% for five years, with a fee of £1,999, would have been available to Mr B either.

Whether or not Mr B chooses to take up the option of backdating a change to this mortgage, I still think that Barclays has let him and Mrs B down here. Mr B referred to a number of duties on Barclays, including the new consumer duty. Unfortunately, that doesn't apply to the issues in this case, as they occurred before the duty came into

force. But I do think Barclays' communications haven't been "clear, fair and not misleading". And I don't think it treated Mr and Mrs B fairly, when the mistake was uncovered.

I note that Mr and Mrs B may have been unlikely to anticipate that a remortgage with their existing lender would fail. So I do think that Barclays should pay more compensation than it has offered. I think a total payment of £500 would provide part of a fair and reasonable resolution to this complaint. So I will ask Barclays to make that payment too.

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 it didn't think it needed to make the offer I had suggested in my provisional decision, because it said once it told Mr and Mrs B that they couldn't have the fixed rate mortgage it had initially offered, they had then chosen a tracker mortgage. The tracker they'd chosen was one of the products available to them in February, when they'd discussed the fixed rate with Barclays. Barclays said this tracker rate was set to apply on 1 May 2023, when their existing deal ended.

Barclays said Mr and Mrs B were allowed to reapply for any other deal they would prefer, before this tracker was applied, and they had done so on 5 April, when they chose a different tracker instead. Barclays said this was their choice, there was no evidence Barclays had suggested it would change an application for a tracker to a fixed rate, and Mr and Mrs B could have chosen a fixed rate, they had preferred a tracker instead. Barclays said it was this second tracker, chosen later, which was applied to their mortgage on 1 May 2023.

Barclays said, however, if Mr and Mrs B now wanted to change their minds, and instead choose a fixed rate they were eligible for on 20 February 2023, then Barclays could now backdate that to 1 May 2023. Barclays said it wouldn't, however, offer the other rate of 5.62% with a fee of £1,999 that it previously said Mr and Mrs B were entitled to. Barclays said that was a mistake too.

Mr B asked us to send him the relevant rates. He also noted that he was a premier customer, so he said he'd like to see the rates premier customers could have applied for in February 2023. Our service sent him the relevant rates which were available at the time, and said Barclays told us it didn't have specific rates for its premier customers at that time.

Mr B replied to say that he'd understood he would get access to better mortgage rates, as a premier customer, so he was disappointed to find this wasn't the case. Mr B didn't indicate he wished to accept any of the rates our service sent him. He said that having seen those rates, he would just wish to receive the payment of £500 that I'd included in my award, and he would then move his banking, and eventually this mortgage, away from Barclays.

I haven't changed my mind about what would provide a fair and reasonable outcome to this complaint. However, as Mr B has indicated he doesn't wish now to accept any of the rates which were on offer on 20 February 2023, I won't include that in my award. I will therefore resolve this case by requiring Barclays to make the payment of compensation which I originally proposed.

My final decision

My final decision is that Barclays Bank UK PLC must pay Mr and Mrs B £500 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 12 April 2024.

Esther Absalom-Gough
Ombudsman