

## **The complaint**

Mr and Mrs T complain that information was omitted by Barclays Bank UK Plc about their ability to have an offset product on only one part of their mortgage. They've said that Barclays failure to tell them this wouldn't be possible has led to them incurring an early repayment charge (ERC).

## **What happened**

Mr and Mrs T had an existing mortgage with Barclays which, following a house move with additional borrowing in 2016, was split into two parts.

Mr T has said he contacted Barclays on 27 September 2022 as the interest rate product on part one of their mortgage was due to end in October 2022 and that he told Barclays about their intention to later "offset" part two of their mortgage. He's said he fixed the interest rate when rates were rising, to avoid higher payments. The rate switch application was completed by Mr and Mrs T online on 28 September 2022 and the new rate began from 1 October 2022.

Mr and Mrs T later found out, in January 2023, that they couldn't have one part of their mortgage on an offset product and the other part on a "traditional" fixed rate product. And that, if they wanted to offset their savings, they'd need to move the entire mortgage to an offset product. This is what Mr and Mrs T went on to do and, in doing so, they incurred an ERC of around £6,692 for exiting the fixed rate on part one of their mortgage.

Mr and Mrs T complained to Barclays about this. They didn't think Barclays had done enough to make them aware their plan to only offset part two of their mortgage wouldn't be possible. Barclays didn't uphold Mr and Mrs T's complaint. It said, in summary, that Mr and Mrs T had completed their rate switch online and had chosen not to receive advice. Barclays also said it wouldn't put information about all available scenarios on its website and suggested that this could be construed as giving advice. Barclays later said that it had been unable to locate any call recordings on 27 September 2022. And, that the records it did find of calls taking place showed that the calls weren't transferred to an agent.

Because Mr and Mrs T didn't agree, they referred their case to the Financial Ombudsman Service. Our investigator didn't think their complaint should be upheld. She said that if a conversation took place in September 2022, she wouldn't expect the agent to have discussed the suitability of Mr and Mrs T's future plans, as this would be advice. She noted that Mr and Mrs T had already made a decision to proceed without advice. And she didn't think it was reasonable to expect Barclays to cover all possible scenarios within its website or terms and conditions. She also considered the terms and conditions of the fixed rate Mr and Mrs T had taken on part one of their mortgage, and her view was that the ERC had been applied correctly.

Mr and Mrs T didn't agree with the investigator. They said the evidence suggests a lengthy call did take place in September 2022 and argue that Mr T was transferred to an agent – and he would never be on hold for over an hour. Mr and Mrs T also disagreed that Barclays agent providing information about not being able to mix a traditional and offset product would constitute advice. They maintained that, in their view, Barclays should include details of this scenario on its website. And, that they should have been made aware they wouldn't be able to do what they were planning to, from the outset.

Mr and Mrs T asked for the complaint to be reviewed by an ombudsman, so it's been passed to me to decide.

I issued a provisional decision on 27 February 2024. I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having considered everything carefully, I've come to the same overall outcome as the investigator but partly for different reasons.

A key factor in this complaint is the telephone call that took place on 27 September 2022. Firstly, I'd like to make it clear that evidence from both parties shows a call lasting just over an hour did take place on that day – there is no dispute about that. What is in dispute, however, is the content of that telephone call.

On one hand, Mr T has provided his recollection of what happened during that call. On the other, Barclays has provided evidence showing that the call wasn't connected to one of its agents and was, instead, a call that remained in its queue. And so, a conversation with one of its agents didn't take place at the time. Barclays has said that the reason the call wouldn't have been connected was due to high demand at the time, driven by factors outside of its control – such as the economic climate. It's also said that it doesn't record calls until they are connected to one of its agents.

I note that the date of this call was around four days after the “mini-budget” of 2022. At that time, concern about potential rises to interest rates was widely publicised and led, in my experience, to a significant increase in calls to lenders. So, I think what Barclays has said around demand at the time is plausible and persuasive. I've also considered that there aren't any contact notes on Barclays system of a call taking place with Mr T on 27 September 2022. But contact notes were added following conversations Mr and Mrs T had with Barclays on other dates. So, where a call had taken place, I'd expect to see an entry within the contact notes.

Where the evidence and arguments provided are contradictory, as is the case here, I must reach a decision on the balance of probabilities. That is, what's most likely to have happened in the individual circumstances. Overall, although it's possible Mr T did speak with Barclays, I don't think I can safely conclude that the conversation Mr T has referred to took place on 27 September 2022.

Even if I could safely say that a call took place on 27 September 2022, I don't think the outcome would be different. It's evident from Mr T's testimony that they'd decided what they wanted to do, including fixing their interest rate on part one of their mortgage to avoid higher payments. Mr T has also made it clear he didn't want advice at the time as he knew what the best product was for them. So, I think it's likely that, any conversation that did take place prior to the fixed rate being taken, would have consisted of Mr T telling Barclays' agent this is what he wanted to do. And then going on to make his own decision, on behalf of himself and Mrs T, to choose a product online that he felt was best for them. As fixed rates are incompatible with offset products, and a key driver at the time was to protect against interest rate rises, I'm not persuaded Mr and Mrs T would have acted differently – even if they'd been given clearer information about this incompatibility. I'll explain why.

If Mr and Mrs T hadn't taken out a fixed rate on part one of their mortgage in September 2022, the alternatives were to move onto Barclays standard variable rate – which, as a variable rate, could increase at any time, increasing their monthly payments. Or, alternatively, to pay an ERC of over £8,000 to exit the existing interest rate on part two of their mortgage early. The first option wouldn't protect Mr and Mrs T against interest rate rises and the second option would be more costly than what

they ended up doing. I can see from Barclays' later recommendation, that Mr and Mrs T went on to change their mortgage to an offset product, despite having to pay an ERC, on the basis that future offset benefits would, hopefully, outweigh that charge. So, I find it unlikely, based on the available evidence, that Mr and Mrs T would have acted differently in September 2022 even if I could safely say that a call had taken place then.

I think it's more likely that, when the interest rate on part two of Mr and Mrs T's mortgage was coming to an end, they realised with hindsight – based on available interest rates at the time – that previously fixing part one of their mortgage may not have been the most cost-effective option. But my role is to reach a decision based on what happened at the time – not what might have happened, if either party knew then what they know now. Neither party could have known what would happen in the following months to interest rates. And Mr T has indicated in his testimony that protecting against this uncertainty was an important factor for requesting a fixed rate at the time.

I've considered Mr T's argument that Barclays should include details of this scenario on its website – where a mortgage with two parts can't have only one part on an offset product. But, although I appreciate Mr and Mrs T will be disappointed, I don't agree. Barclays isn't required to provide details of every scenario that might apply to one of its customer's mortgages. So, it wouldn't be fair for me to say that it should have covered this specific situation. However, I do accept that providing this type of information could be helpful on some occasions. That, though, isn't the same as saying that Barclays is required to advertise such information on its website, or elsewhere, for customers to see.

I can see Mr and Mrs T feel strongly about the difference between giving advice and stating a fact. I do agree with Mr and Mrs T that being told something like "you can't mix offset and traditional products" doesn't necessarily constitute advice – depending on the context of the conversation. However, this doesn't change my provisional findings on this complaint. Overall, I'm not persuaded Barclays has acted unfairly or unreasonably.

## **Developments**

Mr and Mrs T responded to the provisional decision and had nothing further to add to the information they'd previously provided to the investigator. Barclays also responded and said it had nothing further to add.

## **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.

Neither party has provided any further evidence or information following my provisional decision. And so, while I appreciate it isn't the outcome Mr and Mrs T will be hoping for, I see no reason to depart from my provisional decision.

**My final decision**

My final decision is that I don't uphold this complaint about Barclays Bank UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T and Mr T to accept or reject my decision before 15 April 2024.

Maria Drury  
**Ombudsman**