

## **The complaint**

Mr and Mrs K complain about the service they received from Barclays Bank UK PLC when trying to obtain a new interest rate on their mortgage accounts.

## **What happened**

Mr and Mrs K have two mortgages with Barclays. I'll refer to these as mortgage one and mortgage two.

Mortgage one is an offset mortgage. In August 2019, Mr and Mrs K signed up to a tracker rate – 1.74% above the Bank of England base rate for the lifetime of the mortgage. An early repayment charge (ERC) of 1.00% applied if Mr and Mrs K redeemed the mortgage before 31 August 2021.

Mortgage two relates to a property Mr and Mrs K purchased in 2021. At that time, they agreed to a two-year fixed interest rate of 2.08% until 31 January 2023. Thereafter their mortgage would revert to Barclays' variable rate.

Both these mortgages were agreed on part interest and part capital repayment terms. On 1 September 2022 Barclays changed its rules to allow customers who had less than 150 days left to run on their existing preferential rate product to book a new rate (previously customers had to be within 90 days of the end date of the existing rate).

On 14 September 2022 Barclays wrote to Mr and Mrs K to remind them that the rate on mortgage two was expiring soon and that they could get in touch to secure a new interest rate on their mortgage now.

In late September 2022, Mr and Mrs K say they tried to apply for a new fixed interest rate on both their mortgage accounts – both online and through their mobile banking app. But the system wouldn't allow it and they kept receiving an error code.

Mr and Mrs K say they tried calling Barclays instead to secure a new interest rate, but they had trouble getting through to anyone. It wasn't until 4 October 2022 that they managed to speak to someone at Barclays. By this time the interest rates had risen, and Mr and Mrs K's preferred interest rates were withdrawn.

Unhappy with their experience, Mr and Mrs K complained to Barclays. They thought that in the circumstances Barclays should honour their preferred interest rate that had been withdrawn.

Barclays apologised for the long wait times to get through on their helpline. This was a result of an unexpected high volume of calls around that time. Barclays explained that because Mr and Mrs K hold an offset mortgage it's necessary for them to speak to a mortgage advisor before making changes to their mortgage, including switching their interest rate. Barclays didn't agree to honour a backdated interest rate, but to recognise the poor service, it paid Mr and Mrs K £50 compensation.

Unhappy with Barclays' response, Mr and Mrs K brought their complaint to the Financial Ombudsman Service. An investigator at our service looked into things and didn't recommend that the complaint should be upheld. In summary he said:

- It was always necessary for Mr and Mrs K to speak to a mortgage advisor to obtain a new interest rate on mortgage one because of its offset feature.
- In September 2022 Barclays changed its rate switch window from 90 days to 150 days but it didn't have the IT infrastructure in place straight away to allow customers to do that online. Customers wanting to secure a new interest rate outside of the 90-day window would need to call Barclays to do so.

The investigator didn't think that offering a workaround to the technical IT issues was an unreasonable solution in the circumstances. The alternative would be to prevent customers applying for a new interest rate outside of the 90-day window altogether until the IT issues were resolved, which wouldn't benefit any of its customers.

- He couldn't reasonably hold Barclays responsible for the unexpected high call volumes it received during a time when the UK was concerned about rising interest rates and the impact of the cost-of-living crisis. These circumstances were outside of Barclays' control.
- Overall, he didn't think Barclays acted unreasonably by requiring Mr and Mrs K to call about their mortgage interest rates. And he didn't think Barclays was responsible for the phone line delays Mr K experienced.
- He thought the £50 compensation awarded by Barclays was fair and reasonable.

Mr and Mrs K disagreed. They gave several specific reasons why they remain unhappy. In summary they still think that Barclays had put unfair barriers in the way of them obtaining a new interest rate and they're unhappy that Barclays staff also ignored their direct emails. They said that the fact that they were still unable to apply for a new interest rate in December 2022 undermines the rationale that the IT technical difficulties only applied outside of the 90-day window.

The investigator considered all the points raised by Mr and Mrs K but explained why his opinion remained the same. Mr and Mrs K didn't agree and asked for the case to be decided by an ombudsman. Around the same time, they appointed a professional representative on the case. All further submissions were considered when reaching my decision.

I provided a provisional decision on the basis that although I'd reached the same outcome as our investigator, I did so for slightly different reasons. As such I presented details of the new evidence considered and allowed both parties a chance to respond before making my final decision on the case. An extract of my provisional decision is below:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.  
I've given careful consideration to all the submissions made by both parties, but I won't address each and every point that has been raised. I'll focus on the matters that I consider most relevant to how I've reached a fair outcome – in keeping with the informal nature of our service.*

*Having done all that, I don't think this complaint should be upheld. I realise this will be disappointing for Mr and Mrs K. But I hope the reasons I have set out below will help them to*

*understand why I have come to this conclusion.*

*I'll address each mortgage separately as the facts relating to each differ.*

#### *Mortgage one*

*This is an offset mortgage. It lets Mr and Mrs K link their current and savings accounts to their mortgage. Barclays offsets the total balances of Mr and Mrs K's linked accounts against the amount they owe on their mortgage each month, and then works out their mortgage interest on the net balance. Mr and Mrs K won't earn interest on the current and savings accounts while they're linked to the mortgage.*

*Barclays' policy says that certain criteria must be met to carry out an execution only rate switch. An execution only rate switch is not permitted on mortgages that restrict the changing of rate.*

*Mr and Mrs K took out a lifetime tracker interest rate with Barclays. Barclays only offers tracker interest rates on its offset mortgages. So, changing the interest rate on an offset mortgage is restricted – by that I mean it's not possible to change your interest rate and remain on an offset mortgage.*

*That's not what Mr and Mrs K wanted to do. They wanted to change their mortgage from an offset mortgage to a fixed rate mortgage. Because Mr and Mrs K were wanting to move away from their offset mortgage to a fixed interest rate, they needed to go through a full internal re-mortgage to achieve this. The reason for this is that a change of this sort is more than just a simple rate switch. This is because the offset mortgage has different terms and conditions to a regular fixed interest rate product and so requires a variation of the mortgage deed.*

*So, this explains why Mr K was presented with an error message when trying to make changes to his and Mrs K's offset mortgage online. It's Barclays' policy that all customers with this type of account would need to speak to an advisor to make changes to their mortgage, so Mr and Mrs K weren't being treated any differently in the circumstances.*

*I've seen nothing to suggest that Barclays told Mr and Mrs K that they'd be able to make a change of this nature to their offset mortgage online or through their mobile banking app.*

*I appreciate Mr and Mrs K's representative has pointed to some literature relating to 'Managing your mortgage' that gives customers information about how to set up and use the Barclays online banking app. It has highlighted this particular section:*

*"You're in control*

*Once registered, you'll be able to set up regular and one-off payments, subject to terms and conditions and any early repayment charge. If you have an offset mortgage, you'll also be able to link and unlink eligible accounts. You'll even be able to switch to another Barclays mortgage online when the time comes, subject to terms & conditions and eligibility criteria. If you need some help, our web chat team will also be on hand to answer your questions. And if you have a current account with us, you can manage that too – moving money between your accounts, paying bills and much more."*

*I'm not persuaded this has any particular relevance here. Mr and Mrs K's representative has pointed to generic literature relating to online banking. There is no reference to this document being specifically relevant to offset mortgages only and, in my opinion, the written*

statement provides nothing more than standalone examples of some of the features of online banking. In addition, as the statement says – the ability to switch your mortgage interest rate online is subject to terms & conditions and eligibility criteria – as was the case here.

Information about the necessary process for obtaining a new interest rate is accessible through Barclays' website. A customer can visit the mortgage support hub <https://www.barclays.co.uk/mortgages/support-hub/#2> and under the section "can I switch my rate" answer a series of questions to find out the necessary process to do so, depending on the type of mortgage held. Doing so Mr and Mrs K would find that to change their rate on their offset mortgage, they'd need to book an appointment.

So, I'm satisfied Mr and Mrs K would always have needed to speak to a mortgage advisor to switch their mortgage from an offset to a fixed interest rate.

### Mortgage two

Mortgage two was on a standard fixed interest rate. Mr and Mrs K's fixed rate deal was coming to an end on 31 January 2023.

Barclays sent Mr and Mrs K an email on 14 September 2022 inviting them to get in touch to explore their options. I understand there has been confusion about whether Mr and Mrs K could have applied online for a new rate during the extended window period.

It seems that some customers in this situation could have done so, but there was a specific way the application had to be made using a link that Barclays would provide. But that's not the only reason Mr and Mrs K couldn't switch their mortgage online, I'll explain why.

It's evident from using the link I've quoted above, that customers like Mr and Mrs K, with a part interest and part repayment mortgage wanting to switch their mortgage within the extended window period need to book an appointment to do so. Barclays has explained that this is so the advisor can check that the agreement in place is still right for the customer.

I accept the literature Mr and Mrs K received didn't make that clear. But again, I'm not persuaded the context of the mailing made any difference in the circumstances. When Mr K tried to apply online, he was presented with an error code and was directed to call Barclays' helpline. That was always a necessary part of the process if Mr and Mrs K wanted to secure a new interest rate at that time. This is still Barclays' current policy as can be verified on its website by following the link I've quoted above.

Mr and Mrs K say they continued to receive error codes when trying to switch their mortgage online later – within the 90-day window. This is a separate issue that has not yet been investigated by Barclays, so in line with our rules I'm not able to comment on that as part of this decision without Barclays investigating matters first. This decision focuses solely on the events complained of prior to Barclays issuing its final response letter on 4 November 2022.

Overall, I accept Barclays' communication could have been clearer. The mailing sent to Mr and Mrs K, whilst generic, did suggest that they could switch their mortgage online. That said, Barclays' website says something else, and it's clear that customers like Mr and Mrs K, wanting to switch their mortgage rate between 91 and (the now) 180 days, need to call to make an appointment to do so. Which is what they went on to do once getting the error codes online.

I appreciate it was frustrating for Mr and Mrs K to discover that they were unable to switch the rates on their mortgage accounts online, but for the reason I've explained, it was always

*necessary for them to call Barclays to make an appointment to do so. That is part of Barclays' policy and while I appreciate Mr and Mrs K may not agree with that, it's not my role to tell Barclays how to conduct its overall business. The Financial Ombudsman Service has no regulatory function; that's the role of the Financial Conduct Authority (FCA). We're an alternative dispute resolution body; an informal alternative to the courts set up to deal with individual disputes – and as applicable here, decide if Barclays has applied its criteria fairly in the circumstances.*

*When considering the individual circumstances of this case I don't find that Barclays has treated Mr and Mrs K unfairly. All customers with these types of accounts would be expected to follow the same process as set out in Barclays' policy – which is subject to change at any time. That leads me to consider what happened next.*

### *Call wait times*

*In mid-2022, as a result of the steady increase in the Bank of England base rate, more people were looking at reviewing their mortgage products. By the summer the demand intensified following the 0.50% increase on 4 August and then another on 22 September. By late September 2022 (following the 'mini-budget') lenders were experiencing an unprecedented number of calls – amidst concerns about further interest rate rises.*

*Consequently, large numbers of customers whose interest rate products had or were due to expire (and those willing to pay an ERC to exit their deal early to secure a new one) tried to secure a new product before mortgage interest rates increased. This further led to longer wait times for appointments, both in person and over the phone.*

*Mr and Mrs K have said that they experienced long hold times to get through to Barclays. They also emailed several mortgage advisors to seek help with switching their mortgage accounts. While I appreciate there were issues with receiving a timely response to their emails and the frustration that caused, I'm not persuaded this made any difference in the circumstances. One of the advisors did respond, and they directed Mr and Mrs K to call the helpline to obtain an appointment – referring to long wait times due to the current circumstances.*

*Mr and Mrs K said they had continued to try Barclays' helpline daily – so they weren't relying solely on an email response from Barclays to progress things. I appreciate that they are unhappy that by the time they spoke to Barclays the rate they wanted was no longer available. But overall, I'm not persuaded Barclays is at fault, nor do I consider that is under any obligation to offer a withdrawn fixed rate product to Mr and Mrs K.*

*The delay in getting a rate was as a result of events outside Barclays' control, and so I'm unable to find that it has acted unfairly or unreasonably. That said Barclays has already paid Mr and Mrs K £50 to recognise the inconvenience caused. Mr and Mrs K aren't happy with this as a resolution to their complaint.*

*Overall, whilst I acknowledge Mr and Mrs K's frustration, I can't reasonably expect Barclays to honour the withdrawn interest rate as I'm not persuaded that it did anything wrong. There was no mortgage offer in place for the desired interest rate, because by the time Mr and Mrs K had a successful appointment with Barclays that rate had been withdrawn. Simply selecting a desired product is not the same as making an application for it. Fixed rate products can be withdrawn without any notice, at any time.*

*I think the timing of these events was unfortunate, and I'm sorry that Mr and Mrs K missed the chance to apply for a new product before Barclays changed its product range. Whilst I empathise with the situation Mr and Mrs K found themselves in, I don't consider that*

*Barclays did anything wrong in relation to this matter. And, I think Barclays has done enough to fairly settle this complaint, so I won't be directing it to do anything further.*

*My provisional decision*

*My provisional decision is that I don't intend to uphold this complaint for the reasons given".*

Both parties responded to the provisional decision. Barclays accepted my provisional findings, Mr and Mrs K didn't. In summary they said:

- The mortgage information sheet clearly says they can switch their offset tracker mortgage via the Barclays Online Banking application.
- They weren't told before that because mortgage two was on part repayment and part interest only that they needed to obtain advice to make changes – including obtaining a new interest rate. They want to see evidence to support this.
- They are still unhappy with the inability to secure a new rate online and with the call wait times to speak to someone at Barclays.
- The mortgage advisors were able to deal with the rate change but there were long wait times for an appointment.
- They want specific questions answered from their submissions.

### **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 have given careful consideration to Mr and Mrs K's response, but I note that neither party has made any new arguments, or provided any new evidence, that I've not already considered when reaching my provisional decision. So, I see no reason to depart from what I provisionally decided.

A large part of Mr and Mrs K's response consists of points they'd already raised – and those that I've considered when reaching my provisional decision. So, I haven't revisited those points again here in my final decision. That said, there are some parts that I will expand on for clarity below.

I issued a provisional decision because I considered new information and evidence during the decision process. I'm satisfied that all new information and evidence that has impacted my decision making, has been presented to both parties in my provisional decision. And that both parties have been given a reasonable amount of time to respond to my provisional findings before I've reached my final decision on the case.

I've also explained in my provisional decision that I won't be considering any events that took place after Barclays issued its final response letter. And that whilst I've given careful consideration to all the submissions made by both parties, I wouldn't address each and every point that has been raised. Instead, I'd focus on the matters that I consider most relevant to how I've reached a fair outcome – in keeping with the informal nature of our service.

I note that Mr and Mrs K's representative has asked for data relating to similar complaints of this nature. This is not something that I'm obliged to share. Each case is considered and decided on its own merits. That said, all final decisions are published on our website and available to the public for Mr and Mrs K's own perusal.

### **My final decision**

My final decision is that I don't uphold Mr and Mrs K's complaint against Barclays Bank UK PLC.

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 25 April 2024.

Arazu Eid  
**Ombudsman**