

The complaint

Miss D complains that Barclays Bank UK PLC made it very difficult to change the rate on her Buy To Let ("BTL") mortgage, so she was forced to pay the Standard Variable Rate ("SVR") for two months. Miss D wanted Barclays to pay back the extra money she'd been charged.

What happened

Miss D said she'd received no notice that the rate was changing on this BTL mortgage until early February 2023. Miss D said this mortgage was then in joint names, hers and her late husband's. She told us that he had died a little while ago, but she'd also suffered another bereavement around the same time, so this had been a very difficult time for her.

Miss D said when she spoke to Barclays, it said she would need to move this mortgage into her sole name, before it could change the rate. Miss D said it took weeks of dealing with various people at Barclays to achieve this, and a very considerable amount of time. But by the start of March 2023 Miss D said this had been achieved, and she was able to apply for a new rate on the mortgage.

Miss D said Barclays told her this new rate would be applied to her mortgage and backdated to when the old rate ended. But it wasn't. She was only given a refund for one of the two months when the SVR was charged. And instead of paying this refund to her, to enable her to top her savings back up, Barclays just refunded the interest to the mortgage. Miss D said this had all been extremely stressful, and had an effect on her health.

Barclays said it accepted there were some delays in processing Miss D's request to remove her late husband from this mortgage. And it said for this sort of mortgage, it can only switch the rates between the third and the ninth of each month. The new monthly payment then takes effect from the start of the next month. So Barclays said it had now processed Miss D's rate switch, and backdated it to 3 March.

Barclays said Miss D was charged £2,391.34 at the start of April, but should only have been charged £1,373.21. Barclays said it had applied an interest refund of £1,014 to Miss D's account, but it could see now that the refund was short by £4.13, so it had paid this back too.

Barclays also wanted to pay Miss D £300 to say sorry for the distress she'd been caused.

Our investigator didn't think this complaint should be upheld. I won't set out her reasoning here, as I haven't adopted it.

Miss D replied to disagree. Miss D said she would accept the offer of £300 for the problems she'd experienced taking her husband's name off the mortgage, but she still thought Barclays should backdate her new fixed rate, so she wasn't charged the SVR.

Miss D said Barclays hadn't given her anywhere near enough notice of the upcoming rate change. She said her new mortgage rate started on 3 March, and Barclays had agreed to backdate it to the end of the old mortgage, but it hadn't done that. Miss D also thought that Barclays should pay her back any refund, not just credit it to her mortgage.

Because no agreement was reached, this case was then passed 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 think this complaint divides into two parts – the difficulties Miss D had asking Barclays to amend her mortgage so it was in her sole name, and the fact that she was charged the SVR for one month, on this mortgage. I'll look at each of those issues in turn.

Amending the names on this mortgage

Miss D said she had difficulty removing her deceased husband's name from this mortgage, so that she could make a change to the mortgage. It appears as if Miss D started asking Barclays to do this, on 24 February 2023.

I understand that Miss D's husband had passed away a couple of years before, but Miss D hasn't suggested that she notified Barclays of this at the time. I understand that she also experienced another bereavement around this time, so this would have been an exceptionally difficult time for her.

Miss D said she had to chase Barclays a number of times to have her request actioned. It does seem, from the internal notes I've seen, that this wasn't a trouble free process for Miss D. I know she says she would like to accept Barclays' offer of £300 to make up for this, and for the avoidance of doubt, I do think that provides a fair and reasonable outcome to this part of Miss D's complaint.

Refixing the interest rate on this mortgage

The letter telling Miss D that the rate on this mortgage would change, is dated 6 February 2023. It appears that Miss D's existing rate had ended shortly before this letter was sent. When Miss D spoke to Barclays, its agent said that they couldn't see any previous letters sent to Miss D, after her rate change letter of 2018.

I do think it would have been good practice to remind Miss D that her fixed interest rate was ending, somewhat earlier than this.

This letter says that a new rate will apply on Miss D's mortgage from 3 March 2023. Miss D also spoke to Barclays on 9 February, and on that call, the agent told Miss D that her existing fixed rate on this mortgage was due to end on 2 February 2023.

So it appears that Barclays asks for mortgage payments a month in arrears. If Miss D's old rate ended on 2 February 2023, Miss D's mortgage would start to incur interest at the SVR from 3 February, but her payments would only increase from the start of March.

The letter Barclays sent doesn't tell Miss D this.

Barclays also said, for this mortgage, it can only switch rates between the third and the ninth day of each month. That switch then takes effect from the start of the following month.

The letter Barclays sent doesn't tell Miss D this either.

When Miss D received that letter, about the upcoming change to her mortgage rate, it would appear that she was already almost out of time to stop this mortgage from going onto the SVR. But not quite. If Miss D had acted to change her rate within the next few days, she may have avoided this happening.

Miss D did talk to Barclays on 9 February, which appears to have been the last day she could have refixed her rate, and avoided paying the SVR on this mortgage for a month. But Miss D didn't ask to set up a new rate then. Instead, she said that she had understood her existing rate was due to continue until 2025.

The agent Miss D spoke to, said they didn't think that was right, because they could see this rate had started in 2018, and the letter issued then said the rate was due to end on 2 February 2023. The agent said it didn't seem likely that, if a new rate had been applied to this mortgage in 2018, that rate would then run past 2023.

Miss D said she had paperwork which showed her rate was due to continue into 2025, and she wanted Barclays to consider this. So Miss D was provided with the address to send this paperwork to Barclays. It's not clear if Miss D did send this paperwork, or if she realised that the rate on this mortgage was due to end in February 2023 after all.

Miss D did say that she would have difficulty making the much larger payment which would be required under the SVR. But she wasn't told on this call that there was any urgency to refixing her mortgage rate, although it appears that this was the last day Miss D could have refixed the rate, and avoided the SVR.

So it doesn't appear as if the position on this mortgage had been made clear to Miss D, either in the letter that Barclays sent to her, or on the call it then had with her. I'm not sure how Miss D could reasonably have understood, when she received a rate change letter from Barclays, just how urgent it then was for her to take action to refix this rate. And this was unfortunately also not made clear to Miss D on her call of 9 February 2023 either, although Miss D may still have been in time to make that change then.

Miss D was charged considerably more for her mortgage, as a result of paying the SVR, in March and in April. Miss D told us this ate into her savings.

I understand that Barclays backdated Miss D's remortgage application to the start of March, because of the delays in amending this mortgage. That would, according to Barclays, reduce the payment she owed in April 2023. Barclays has applied the new interest rate on this mortgage, to reduce the payment Miss D owed in April. It has applied a credit to her mortgage to achieve this.

I don't think it was reasonable for Barclays to refund Miss D in the form of a credit to her mortgage. This is an interest only mortgage, so Miss D isn't otherwise acting to reduce the capital she owes. I think this money should have been refunded to Miss D.

I also think that Barclays could have done considerably more to help Miss D avoid paying the SVR in March. Because it doesn't appear to have provided full and timely advice either in its correspondence, or on the call it had with Miss D, I think it should now backdate the new rate on this mortgage so that it takes effect immediately after Miss D's old rate ended.

I think Barclays should rework Miss D's mortgage accordingly. And where Miss D has made an overpayment, Barclays should refund that money to Miss D. Barclays should pay Miss D 8% interest on that refund, from the date each payment was made to the

date the refund was sent. I think that, plus the payment of £300 that Barclays offered, would provide a fair and reasonable outcome to this complaint.

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 said it would comply with my provisional decision, and that it had already started to make the required payments. Miss D said she was happy to accept my provisional decision.

Neither side has offered any further evidence or argument, and I haven't changed my mind. I'll now make the decision I originally proposed.

My final decision

My final decision is that Barclays Bank UK PLC must rework Miss D's mortgage, so the new fixed rate she secured after February 2023, follows on immediately from the end of her old fixed rate. Barclays Bank UK PLC must refund any resulting overpayment from March and April 2023 to Miss D. Barclays Bank UK PLC must pay Miss D 8% interest on that refund, from the date the payment was made to the date the refund was sent.

HM Revenue and Customs requires Barclays Bank UK PLC to take off tax from this interest. Barclays Bank UK PLC must give Miss D a certificate showing how much tax it's taken off if she asks for one.

My final decision is also that Barclays Bank UK PLC must pay Miss D £300 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 3 July 2024.

Esther Absalom-Gough

Ombudsman