

The complaint

Mr and Mrs A's complaint is about a residential mortgage they have with Barclays Bank UK PLC. They are unhappy that an interest rate product they applied for in July 2022 was not attached to their mortgage.

What happened

In July 2022 Mr and Mrs A had an existing residential mortgage with Barclays on a part interest-only and part repayment basis. At that time they had a tracker interest rate product attached to the mortgage and wanted to change to a two-year fixed rate product of 2.71%.

Mr and Mrs A met with a mortgage adviser to arrange a new interest rate product for their mortgage. Page five of the application confirmed that Mr and Mrs A had accepted the recommendation. Barclays has confirmed that if an interest rate product is recommended by a mortgage adviser, the application is submitted by the adviser and the borrowers are not required to sign any documentation. The product would then be attached to the mortgage either on the first working day where no early repayment charge is payable or on a specific date selected by the borrowers. In this case, the mortgage adviser didn't move the application forward at the end of the meeting in line with Barclays' normal process. There are no contemporaneous notes or records explaining why the standard process was not followed.

As the application was not moved forward by the mortgage adviser as would be normal, Barclays sent Mr and Mrs A documents to e-sign via its portal on 2 August 2022. It emailed them to let them know and provided a link to the documents. Barclays has confirmed in response to Mr and Mrs A's statement that there was nowhere specified to sign the documents, that they could have signed the documents anywhere due to what it described as '*freeform signing*'. Barclays was asked to provide any instructions that were provided to Mr and Mrs A when they opened the link and accessed the documentation that explained this to them, but it has not done so.

Barclays confirmed that Mr A logged in and completed what was necessary, but that Mrs A did not. It has provided screenshots of its system that shows this is the case. However, Mr and Mrs A provided a printout that is coded for their residential application. This shows that they both accessed the documentation on 2 August 2022 and completed them.

The mortgage adviser has stated that in August 2022 Mrs A called to say that she didn't want to go ahead with the product switch application. The mortgage adviser didn't cancel the application at that point. Barclays has been unable to evidence this call happened from call logs and it has said the mortgage adviser didn't make a record of it at the time. Mr and Mrs A have said Mrs A didn't make the call.

On 27 September 2022 Mr and Mrs A applied for permission to let (PTL) their home. It was confirmed this was because they felt the house was too big for them and they wanted to move into a smaller rented flat. During the course of the complaint, Mr A also said it was because they had recently been broken into. The application was agreed, and this was

confirmed in early October 2022. On 14 October 2022 Mr and Mrs A let Barclays know they had decided not to move out of their home and didn't need the PTL. Barclays removed it.

Mr and Mrs A chased Barclays about the product switch throughout and it was not until November 2022 that Barclays appears to have identified that it had not been fully submitted. Ultimately, Mr and Mrs A complained about the delays. On 14 February 2023 Barclays told Mr and Mrs A that it would not give them the interest rate product they had wanted in July 2022. Barclays went on to respond to the complaint in a letter of 21 February 2023. It said that it had not received the necessary declaration or mortgage offer back from Mr and Mrs A. In addition, Mrs A had told it that she didn't want the application to progress. As such, it was not willing to provide them with the product they had applied for in July 2022. However, as it had made some errors with their mortgage servicing, it offered them the equivalent product from October 2022 when they cancelled the PTL. The product would be backdated to the date Barclays received their letter doing so – 17 October 2022. Barclays also apologised for the time it had taken to provide Mr and Mrs A with an outcome to their complaint – it offered them £450 compensation.

Mr and Mrs A were not happy with the response and referred their complaint to this Service. When they did, Barclays confirmed the telephone call between Mrs A and the mortgage adviser, in which she is reported to have said she did not want the application for the new product to proceed, was not recorded. It also confirmed that Mr and Mrs A would not have been eligible to attach a new residential product to their mortgage once the PTL had been added to the account.

One of our Investigators considered the complaint. Ultimately, she was not persuaded Mr and Mrs A had signed the documents that had been needed for the product to be applied to their mortgage. As the Investigator was not satisfied the switch could ever have gone ahead, any further application would have been delayed by the PTL application. As such, Mr and Mrs A wouldn't have been able to have a new rate until the PTL had been removed, and so the Investigator was satisfied the offer made by Barclays was appropriate in the circumstances.

Mr and Mrs A didn't accept the Investigator's conclusions and reiterated that they had completed the paperwork electronically for their residential mortgage on 2 August 2022. They said the acknowledgements they received were not related to separate buy-to-let mortgage they also have with Barclays and for which they had also applied for a new product. They provided documentation, which included duplicates of previous documents and new ones, although not all the information the Investigator asked for. She reviewed the file again, but she was not persuaded to change her conclusions.

Mr and Mrs A remained dissatisfied with the Investigator's conclusions and asked that the complaint be referred to an Ombudsman.

The complaint was passed to me and I asked some further information about the product switch process and for evidence of what instructions Mr and Mrs A were given when they logged in to look at documentation.

I issued a provisional decision on 5 June 2024, in which I set out my conclusions and reasons for reaching them. Below is an excerpt.

'During our investigation Barclays confirmed the normal process for interest rate product changes based on whether the application was made via a mortgage adviser or online. In relation to their residential mortgage, Mr and Mrs A met with a mortgage adviser. This means that at the end of that interview, the application should have been moved forward and the product would have been reserved, to be attached at a selected date – usually the

following working day or when an existing product ended, and no early repayment charge would be applied.

There has been much discussion on this case about whether Mrs A e-signed the documentation. There is clearly a conflict in the evidence provided by the parties to the complaint, but I don't think it is actually relevant. Mr and Mrs A should never have been asked to e-sign documentation if Barclays normal process had been followed by the mortgage adviser.

The mortgage adviser didn't move the application forward as was part of Barclays' normal process. Barclays has said this was because Mrs A didn't want the product attached to the mortgage. It has been unable to provide any contemporaneous supporting evidence for this statement and Mr and Mrs A have said that was not the case. Furthermore, the mortgage adviser said that Mrs A said this in a telephone call in August 2022, not at the time of the meeting. By August 2022 the application should already have been submitted, the product reserved and likely already applied to the mortgage. I also note that there is no record on Barclays' systems of this telephone call, which I would have expected had a borrower asked to cancel an application. Furthermore, I would have expected a mortgage adviser to cancel an application if the borrowers told them they didn't want to go ahead, but that was not done.

There has also been much discussion about the effect the application for PTL would have had on the product switch application. It is true that once the PTL application was accepted, Mr and Mrs A couldn't have had a new residential product attached to their mortgage. However, again, I don't think this is relevant as that application was made two months after the product switch application should have completed.

Having carefully considered all of the evidence, I think it most likely that there was a human error on the part of Barclays that meant Mr and Mrs A's application was not submitted when it should have been. When we award redress, we place a consumer in as close a financial position as possible to that which they would have been in, but for the error on the part of the financial business. In this case that would be the position Mr and Mrs A would have been in had the product switch application been submitted correctly in July 2022 and the product attached to their mortgage.

Barclays offered Mr and Mrs A £450 compensation for the poor service they received. In the circumstances, I think that is a reasonable sum to reflect the poor communications and delays on Barclays' part.'

Mr and Mrs A accepted my provisional decision and confirmed they had nothing further to add.

Barclays did not accept my provisional decision. It provided evidence of the appointment Mr and Mrs A had on 23 July 2022, which confirmed that they had been unable to complete a rate switch online. Barclays maintained that Mrs A did not consent to proceed with the rate switch in the conversation of 27 July 2022 and, as a result, it was correct and appropriate for Barclays not to progress the application as per the usual process. Barclays said the call confirmed to them that they needed to sign documents for the rate to go ahead.

In addition, Barclays said that its mortgage advisers had the option to step away from the normal process where they thought there was good reason to do so. That is what happened in this case.

Barclays was asked to provide recordings of the calls it had relied on when responding to my provisional decision. It provided some, but it was unable to provide the call of 23 August 2022, in which I would have expected the mortgage adviser to have set out the process to

Mr and Mrs A. This was because the call had been made from the mortgage adviser's mobile phone. In addition, we asked that Barclays provided the process document that set out what should be done at each point of the advice process and confirmed that a mortgage adviser could step outside the normal process and what they had to do regarding documenting that alteration. I also asked Barclays to confirm what documents would be provided at each stage of the process, and copies of the actual documents produced for Mr and Mrs A.

Barclays didn't provide the process document requested, but confirmed that there was nowhere on the documents produced on 27 July 2022 for Mr and Mrs A to sign, as no signature was required for the application. It reiterated that once Mr and Mrs A gave verbal consent there was nothing for them to sign. It provided copies of documents dated 27 July 2022 and a 'Lending disclosure document' that wasn't dated but was referenced in the call of 27 July 2022 as having been sent to Mr and Mrs A after the 23 July 2022 call.

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 carefully considered the further submissions and evidence Barclays provided in response to my provisional decision. I have looked at the entire file again and reconsidered my conclusions, but I have not been persuaded to change those conclusions.

While I don't propose to alter my conclusions, I will comment on a couple of points Barclays raised. It said that its mortgage advisers have the option to step away from its standard process and require borrowers to sign documentation as they would if they had made the application online. It was asked to provide evidence that this was the case and confirm what was required of a mortgage adviser to record they were stepping away from the normal process. It has failed to provide any of this information and has reverted to confirming that where it is an advised sale, no documents need to be signed.

Barclays also said that the mortgage adviser didn't progress the application as usual because Mrs A didn't want to proceed with the application. This is at odds with the documentation from the time – specifically page five of the application form where it confirmed they wanted to accept the recommendation made and go ahead with the new product. As for Barclays recent submission that the mortgage adviser had explained to Mr and Mrs A that they would need to sign documentation for the application to progress, having listened to the relevant call, I can't agree that is the case. There was mention of the lending disclosure document, that Mr and Mrs A had been sent following the 23 July 2022 discussion needing to be signed. Mr A confirmed that this had been done. There was no mention of any further documentation needing to be signed and I note that the lending disclosure document is not one of those listed by Barclays in the early stages of this complaint as having not been signed.

In addition, in relation to the reported conclusion of the mortgage adviser that Mrs A didn't want to go ahead with the new product, I have to again disagree with that conclusion. The only thing in the conversation that Mrs A objected to was the mortgage adviser's suggestion that she leave the matter to Mr A to deal with on his and her behalf – Mrs A confirmed she wanted to stay on the call.

I remain satisfied that an error occurred in July 2022 in the form of the mortgage adviser failing to follow Barclays' standard process for advised sales. Had that error not occurred, Mr and Mrs A's application would have been submitted and the interest rate product they wanted would have been attached to their mortgage.

Putting things right

Barclays should apply the interest rate product that Mr and Mrs A applied for in July 2022 as if the mortgage adviser had completed the process at the end of their meeting on 27 July 2022 as normal. Any additional amounts Mr and Mrs A have paid since should be refunded to them, along with interest* from the date of each mortgage payment to the date of the refund.

In addition, Barclays Bank UK PLC should pay Mr and Mrs A £450 compensation for the poor service it provided.

*Interest is at a rate of 8% simple per year and paid on the amount specified and from/to the dates stated. If Barclays Bank UK PLC considers that it's required by HM Revenue & Customs to deduct income tax from any interest due to Mr and Mrs A, it should tell them how much it's taken off. It should also give Mr and Mrs A documentation showing this if they ask, for use with HM Revenue & Customs if appropriate.

My final decision

My decision is that I uphold this complaint. I order Barclays Bank UK PLC to settle the complaint as detailed above in 'putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs A to accept or reject my decision before 28 August 2024.

Derry Baxter

Ombudsman