

## The complaint

Mr and Mrs S's complaint is about two mortgages they held until recently with Barclays Bank UK Plc. One mortgage was residential, the other buy-to-let (BTL).

Mr and Mrs S say:

- When they took out a new interest rate product for part of their residential mortgage in December 2023, they weren't told about any cooling-off period during which time they'd be able to change their mind about the new rate.
- In January 2024 Mr and Mrs S saw that interest rates had gone down and so wanted to withdraw from the interest rate product and take out a new one. But they were told they were unable to without paying an early repayment charge (ERC).
- They are unhappy about the service they were given when requesting a further advance on their BTL mortgage.

To settle the complaint, Mr and Mrs S want Barclays to reimburse the ERC they paid when they switched their residential mortgage to a new lender.

## What happened

I won't set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat all the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs S being identified.

For these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

At the time of the events complained of, Mr and Mrs S had both a residential and a BTL mortgage with Barclays.

On 17 June 2023 Mr and Mrs S applied online for a new 4.99% fixed rate product to apply to £261,611.62 of their residential mortgage borrowing. Barclays' policy allowed Mr and Mrs S to select a new mortgage interest rate product up to six months before the existing product expired, and the new rate was due to take effect from 1 December 2023. A product fee of £999 was applied and added to the mortgage.

The other parts of the mortgage were to remain on their existing fixed rates of 4.55% (for £104,400 of borrowing) and 3.58% (£21,300).

As part of the online application process Mr and Mrs S would have received a two-page document headed "**Your rate switch information**". About half-way down the first page it states:



*“An offer letter will be sent to you following the submission of your rate switch application. You do not need to take any further action to accept the offer. However, you should read the offer letter carefully. If any details in the offer letter are incorrect or you no longer wish to proceed with the rate switch you should contact us **no later than seven days from the date of the offer, or before the new rate has been applied to your account (if later)**. If you decide not to go ahead with the rate switch after submitting your application you may have to pay charges associated with the new product.” (my emphasis)*

The offer letter dated 17 June 2023 says: *“If your mortgage product has not yet expired, we will make the changes to your account when it does. Please note it is important that you contact us as soon as possible if any details are incorrect or you no longer wish to proceed with the offer...”*

The offer also sets out details of any ERC that would be payable if the mortgage is redeemed during the fixed-rate period.

Barclays has confirmed that customers have 11 days from when a rate switch is applied to the mortgage to cancel it. In this case, that would mean it would have to be cancelled by 11 December 2023.

In October 2023 Mr and Mrs S contacted Barclays to discuss further advances on both their residential and BTL mortgages. There were various discussions with Barclays throughout early December 2023, and again in early to mid January 2024. The Investigator has set out details of these calls so I won't repeat all the detail here.

It appeared Mr and Mrs S couldn't borrow more on their residential mortgage. In relation to the BTL mortgage, Mr and Mrs S were intending to add their son to the mortgage, as they'd been told this would allow them to borrow the amount they needed. Mr S provided Barclays with information he'd been told the bank needed as proof of income, but Barclays later said that it couldn't take this type of income into account.

By about 12 January 2024 Mr and Mrs S had decided to re-mortgage away from Barclays on their residential mortgage. They were unhappy to learn that they'd be charged an ERC, as they believed there was a cooling-off period within which they could cancel the new product without any ERC.

Mr and Mrs S raised a complaint with Barclays on 16 January 2024. As well as their dissatisfaction about the BTL further advance application, they also said they'd not been told about any cooling-off period associated with the product switch on the residential mortgage.

An email dated 1 February 2024 shows that Mr and Mrs S had gone to a mortgage broker to arrange new mortgages on both the residential and BTL properties.

In its final response letter dated 4 March 2024 Barclays explained that it wasn't upholding the complaint.

Mr and Mrs S redeemed their residential mortgage on 9 May 2024, incurring an ERC of about £7,500. On the advice of their mortgage broker, they took out a new residential mortgage at a rate of 4.29%.

Mr and Mrs S brought their complaint to our service. An Investigator looked at what had happened. He noted Mr and Mrs S had accepted that Barclays was entitled to decline the



BTL further advance, and that their dissatisfaction lay with the process, and the fact they felt they'd been given the runaround by Barclays.

The Investigator agreed that Barclays had caused Mr and Mrs S some inconvenience in relation to the BTL application. He asked Barclays to pay £150 compensation for this, which the bank agreed to do.

In relation to the cooling-off period for the rate switch, the investigator didn't think Barclays had been clear enough about telling Mr and Mrs S about the period within which they could have cancelled their new rate. But he also noted that Mr and Mrs S had decided to look for a new interest rate in mid-January 2024, over a month after the new interest rate product had started. He therefore didn't think Barclays was at fault in relation to this part of the complaint.

Mr and Mrs S disagreed and asked for an Ombudsman to issue a decision on the complaint. Mr S said that, if the cooling-off period had been two months, he'd have had the opportunity to cancel the product, move onto Standard Variable Rate (SVR) and then start looking for a new product. Mr S said that the decision to move was not to raise additional funds. *"The mortgage would have been moved to a different lender regardless to save monthly outgoings"*.

### **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 confirm I've listened to all the call recordings and taken note of all the screenshots Mr S has sent us of his webchats with Barclays (many of which are undated). Having considered all the evidence, I've reached the same conclusion as the Investigator, for broadly the same reasons.

**Cooling-off period:** The application for the rate switch was made online by Mr and Mrs S, with no advice given by Barclays. As noted above, Mr and Mrs S were provided with an online document explaining that, if they didn't want the new fixed rate, they could cancel it within seven days of the date of the offer, or before the new rate came into effect. I can't say whether Mr and Mrs S downloaded this document during the online application, or if they read it, but it was available to them. In addition, Mr and Mrs S had 11 days to cancel the product after it came into effect. That would have given them until 11 December 2023 to cancel the rate switch.

I see that on 1 December 2023 Barclays reduced its mortgage interest rates for new purchasers only, but it didn't reduce its interest rates for other mortgage customers until 20 December 2023. Mr and Mrs S have confirmed that it wasn't until mid-January 2023 that they first started thinking about other interest rates. By this time the new rate was 'live' and it wasn't possible to cancel it.

In the circumstances, I'm satisfied that, even if Barclays had been clearer about the 11-day period within which Mr and Mrs S could have cancelled the new interest rate product, this wouldn't have made a difference, given that they didn't start looking at new rates until about a month later. So whilst I appreciate Mr S might have wanted a two-month cooling off period, this wasn't something that would have been available to him.



Mr S could, if he and Mrs S had wanted to, have cancelled the new rate before it became live (as per the information sheet referred to above) or within 11 days of it becoming active. But taking into account what we've been told by Mr and Mrs S about when they first started thinking about a new residential interest rate, I'm not persuaded they'd have cancelled the new rate by 11 December 2024.

I acknowledge it must have been a disappointment that Barclays wouldn't waive the ERC on redemption of the mortgage. However, this was a contractual term to which Mr and Mrs S agreed when taking the fixed rate. I understand their new mortgage was arranged by their own independent broker, who would (or should) have advised them of the implications of redeeming the mortgage during the period when an ERC would apply.

I don't uphold this part of the complaint.

**BTL application:** I've looked at the timeline of events, and I can see that there were times when things didn't go as anticipated– on both sides. Barclays didn't make promised callbacks, but I also note that appointments were made with Mr and Mrs S which they then failed to attend.

I've listened to all the calls, and I agree that Mr S was given contradictory information about what Barclays needed to progress the application. It's understandable that Mr S thought Barclays was messing him about, as he'd be told one thing on one call, which would be contradicted on the next, only for him to be told something different again on another call. This was poor service, and I'm glad to note that Barclays has acknowledged this and agreed to pay the compensation of £150 the Investigator recommended.

### **Putting things right**

For the poor customer service in relation to the BTL application, Barclays Bank UK Plc must pay Mr and Mrs S compensation of £150 for the distress and inconvenience caused.

### **My final decision**

I don't uphold the complaint about the cooling-off period on the residential mortgage product switch.

I uphold the complaint about poor customer service in relation to the BTL application. I direct Barclays Bank UK Plc to settle the complaint as set out above. I make no other order or award.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 3 December 2024.

Jan O'Leary  
**Ombudsman**



