

The complaint

Mr S is unhappy that Barclays Bank UK PLC won't honour a mortgage interest rate reduction that Barclays offered to him, or with the service he received from Barclays surrounding this.

What happened

Mr S contacted Barclays and explained that he was experiencing health issues which were impacting his ability to work and consequently his ability to make his contractual monthly mortgage payments.

Mr S asked Barclays to reduce the interest rate of his mortgage to 0%. In response, Barclays explained that Mr S's request would need to be considered by a specialist panel. And after Barclays' panel had considered Mr S's request, Barclays offered a 4% mortgage rate reduction to Mr S, which Mr S accepted.

However, Mr S later discovered that Barclays hadn't reduced his mortgage rate by 4%, as Barclays had said that they would, but rather had reduced their mortgage rate to 4%. Mr S wasn't happy with this, as a reduction to 4% was a significantly lower mortgage rate reduction than a reduction by 4%. So, he raised a complaint.

Barclays responded to Mr S and acknowledged that the letter he'd received advising of the interest rate reduction was misleading but confirmed that the reduction to 4% was correct. Barclays apologised to Mr S for the misleading information and paid £200 to him as compensation for any trouble or upset it may have caused. Mr S wasn't satisfied with Barclays response, so he referred his complaint to this service.

One of our investigators looked at this complaint. They accepted that Barclays had provided misleading information to Mr S but didn't feel that Barclays should be instructed to honour a rate reduction of 4% (rather than to 4%) as Mr S would like. However, our investigator didn't feel that Barclays had fully grasped the frustration and worry their mistake had caused Mr S and said that Barclays should pay a further £150 compensation to him.

Barclays accepted the recommendation put forward by our investigator to pay a further £150 to Mr S, but Mr S did not. As such, the matter was escalated to an ombudsman for a final decision.

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.

In my summary above, I noted that Barclays have paid £200 compensation to Mr S for what's happened here. For the sake of clarity, I'd also like to confirm that Barclays have previously also paid a further £500 to Mr S. However, this £500 (comprising a payment of £400 and a payment of £100) relates to delays in bringing Mr S's request for 0% interest on his mortgages to the correct specialist panel, and so sits outside the scope of this complaint.

Barclays have accepted that the language they used when advising Mr S of the outcome of the panel discussion was confusing. And it also must be noted that Barclays have continued to make the same language errors when dealing with this service that they made when they communicated with Mr S.

Given that 'a reduction of 4%' is an entirely different proposition to 'a reduction to 4%', I'd strongly recommend that Barclays take whatever steps necessary to correct their ongoing mistakes in this regard and avoid confusing these two propositions moving forwards.

Mr S is unhappy that Barclays told him that they would reduce his interest rate by 4%, but then only made the less impactful reduction of reducing his interest rate to 4%. And Mr S feels that Barclays should fairly be instructed to honour the reduction by 4% that they offered to him, and which he accepted.

Because Barclays were unclear in their language when I asked them about this matter, I felt it necessary to obtain a recording of the specialist panel meeting wherein Mr S's request was discussed, so that I could confirm exactly what the panel agreed.

Having listened to the panel meeting, I can confirm that the panel agreed to reduce Mr S's mortgage interest rate to 4%, and it wasn't the case that they agreed to reduce the interest rate by 4%. And Barclays have also provided information which confirms the forbearance rate of interest they offer, in circumstances such as Mr S's, is a reduction to 4%.

As such, I'm satisfied that it was never the case that Barclays intended to offer Mr S an interest rate reduction of 4%. And I'm similarly satisfied that Barclays intention was always to offer Mr S an interest rate reduction to 4%.

Accordingly, I feel that the mistake that Barclays have made here isn't one of providing Mr S with an incorrect rate of interest, but rather is one of giving Mr S incorrect information about the rate of interest he could expect as a result of Barclay's forbearance.

Because of this, I won't be instructing Barclays to apply a reduced rate of interest to Mr S's mortgage as Mr S would like here. And this is because, as explained above, it was never the case that Barclays were offering an interest rate reduction of 4% to Mr S – despite the fact that Barclays incorrectly advised Mr S that that was the case.

What did happen was that Barclays gave Mr S a false expectation that he would receive an interest rate reduction by 4%. But Mr S was never going to receive such a reduction. Instead, the reduction he was being offered, and which should have been communicated to him, was a reduction **to** 4%.

Mr S has suggested that he wouldn't have accepted an interest rate reduction to 4% from Barclays. That would of course, have been Mr S's decision to make. But I'd like to reiterate that Mr S's choices, had they been correctly explained to him, would have been to continue paying his mortgage with the original interest rate (which was higher than 4%) or accept a reduction of the interest rate to 4%, which would have reduced his monthly mortgage payment amounts.

Additionally, given that the two options described above were the only two options that were ultimately available to Mr S, I don't accept Mr S's position that he has lost out financially by not receiving the lower rate of interest – the reduction by 4% – because that lower rate of interest was never truly an option for him.

In consideration of all the above, the question becomes whether the £200 compensation that Barclays have already paid to Mr S, as well as the further £150 that Barclays have agreed to pay following our investigators recommendation, does represent fair compensation to Mr S for the false expectation about the interest rate reduction Barclays gave him.

Matters of compensation can be subjective. But upon consideration I do feel that the total amount of £350 does represent fair compensation to Mr S for what's happened here. As such, while I will be upholding this complaint in Mr S's favour, I'll be doing so only to instruct Barclays to pay the further £150 to Mr S that they've already agreed to pay.

In taking this position I've considered the false expectation that Mr S was unfairly given by Barclays regarding his mortgage interest rate reduction and the impact on him that this false expectation would have caused. But I also must note that when Barclays explained their error to Mr S, that Mr S refused to accept it. And I don't feel that Barclays should fairly be held accountable for the continuing frustration that Mr S experienced because he didn't accept the correct information about the interest rate when Barclays gave it to him.

Finally, I've also considered the general framework this service uses when assessing compensation amounts, details of which are available on this service's website. And, taking all these factors into account, I feel that the payment of a further £150 compensation to Mr S is a fair outcome here.

I realise this won't be the outcome Mr S was wanting. But I hope he will understand, given what I've explained, why I've made the final decision that I have.

Putting things right

Barclays must pay a further £150 to Mr S.

My final decision

My final decision is that I uphold this complaint against Barclays Bank UK PLC on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 7 October 2024.

Paul Cooper
Ombudsman