

The complaint

Mr S complains that Barclays Bank UK PLC did not allow him to extend the term of a buy-to-let mortgage.

What happened

Mr S has a number of buy-to-let mortgages, including one with Barclays. Mr S planned to extend the term of the mortgages and to arrange new fixed interest rate products. He wanted to extend the term of the mortgages before he retired and to avoid the expected increase in interest rates.

In March 2022, Mr S arranged through a broker a new fixed rate of 2% for five years for the Barclays' mortgage. His broker told him that he would need to speak to Barclays directly to extend the term. But the earliest appointment Barclays could offer was in 8 April 2022 – after the offer for the fixed rate would expire – and Mr S did not want to lose the rate. He said his broker spoke to Barclays and it said to go ahead and accept the new fixed rate and then arrange to extend the term afterwards.

The date arranged for the appointment came and went, but Mr S did not hear from Barclays until 30 June 2022. He said he tried a number of times unsuccessfully to arrange another appointment. And Barclays upheld a previous complaint about that, but said he needed to book an appointment by phone. Mr S said he tried that, but the waiting times were very long. He eventually arranged an appointment for 3 October 2022.

When Mr S spoke to Barclays on 3 October 2022, it told him that it would need to carry out an affordability assessment to extend the term. But Barclays did not consider an extension was affordable and declined the application to extend the term of the mortgage.

Mr S complains that Barclays has not treated him fairly. He said it did not tell him or his broker that an affordability test would be required. If it had, he might not have accepted the fixed rate. Alternatively, if the 8 April 2022 appointment had gone ahead, he could have exited the mortgage under the cooling off period.

Barclays upheld the complaint and agreed to waive the early repayment charge (ERC) if Mr S repays his mortgage. But Mr S does not think this offer goes far enough. He said if he accepted it, he would be out of pocket as interest rates have gone up. He does not accept Barclays' argument that he delayed sorting things out. He pointed out Barclays had caused delays both initially and when he complained. At worst he only contributed to a delay of around four months and that was due to unavoidable work pressures.

I issued a provisional decision, proposing to uphold the complaint. My provisional findings, which form part of this decision, were:

I agree that it was for Barclays to decide whether to agree a term extension or not. I don't consider the decision it reached was unreasonable. But I accept that Barclays has made mistakes – and if it had not done so it was likely Mr S would have remortgaged to a different lender.

We have a recording of a phone call between Mr S and Barclays on 30 March 2022. In that phone call Mr S explains that he wants to pay an early repayment charge (ERC) to arrange a new fixed rate and to extend the term of the mortgage and to explore whether to take further borrowing. He said that his mortgage broker was unable to help with the further borrowing because they could not access the right system – and Barclays accepted that. It is unclear why Barclays considers that Mr S's broker should have arranged the term extension.

Barclays told Mr S that the maximum age for a buy-to-let was 70 years, but it could consider an application for longer than that on a case-by-case basis. Mr S said that he would look elsewhere if it would not extend the term. So Barclays knew that extending the term of the mortgage was important to Mr S. There was a missed opportunity to explain in a clear, fair and not misleading way that if Mr S went ahead with the fixed rate he would be tied in – and that would be the case even if the term extension was declined.

It seems likely that Mr S would have paused his application for the fixed rate had he been given all of the information he needed to make an informed choice about what to do. It was not only the fixed rate that was important to him – he clearly wanted to extend the term too.

It is not in dispute that Barclays did not act fairly or reasonably when the 8 April 2022 appointment did not go ahead. The reason the appointment could not proceed is that the member of staff Mr S was meant to deal with did not have access to the right system. That was entirely foreseeable and avoidable.

If Mr S had accepted the fixed rate, if the planned appointment of 8 April 2022 had gone ahead, and Barclays had told him it was unable to proceed with the term extension, Mr S would have been able to use the cooling off period to pull out of the fixed rate. I consider that Mr S was deprived of the opportunity to explore remortgaging with another lender because Barclays cancelled the appointment.

I am satisfied that Mr S was unfairly tied into to the fixed rate because of Barclays' mistakes. Barclays has accepted that. But it considers its offer to waive the ERC if Mr S moves to a different lender is fair. It considers Mr S delayed raising this matter with it and therefore it would not be fair to compensate Mr S for any difference in interest rates if he did remortgage to a different lender.

Mr S has provided a clear and consistent account of the difficulties he had contacting Barclays. That is supported by the call recording Barclays has supplied where Mr S expresses dissatisfaction at how difficult it is to contact Barclays.

Mr S spoke to Barclays on 30 June 2022 and I understand he was told the term extension was unaffordable. But Barclays issued a final response of 27 July 2022 accepted that its communication was poor and that it made mistakes in not setting up the April 2022 appointment. It said Mr S should make another appointment to consider the term extension. So I don't think it would be fair to blame Mr S for asking Barclays to look at things again – that is what it told him to do. And it's not clear that was a fair outcome, bearing in mind the difficulties Mr S had already experienced.

I've already accepted the difficulties that Mr S had in contacting Barclays – so I don't consider the further delay from 27 July 2022 until 3 October 2022 was the result of inaction by Mr S. That leaves the delay from 3 October 2022 until Mr S made his complaint on 10 March 2023 – around five months.

Mr S has explained that he had work commitments that prevented him raising a complaint in time – and that he did not have the time to call Barclays bearing in mind his experience was that it was difficult to do so. He also points out that when he did complain in March 2023, it

then took until September 2023 for Barclays to properly consider the matter and issue its final response.

I agree it is unfair for Barclays to criticise Mr S for delaying things for around five months when we know that its own delays add up to much longer – around a year or so. The Bank of England base rate went up during the time in question – eleven times from April 2022. But only three of those rises were during the time when Barclays considers Mr S delayed things. It is largely Barclays' acts and omissions which have delayed resolution of this matter. I don't think it would be fair for me to adjust the compensation in Barclays' favour because of that.

Putting things right

I agree that Barclays should honour its offer to waive the ERC if Mr S repays his mortgage during the tie-in period on his existing fixed rate.

I also agree that it should pay Mr S the difference between the interest rate that Mr S obtains if we were to remortgage. But I consider it would only be fair for it to do so if Mr S can show that he has extended the term on the new mortgage. It would not be fair for me to order Barclays to pay the difference in rates if Mr S were to move to a different lender but not extend the term. That reflects that the basis of my decision is that Mr S would have done something else if Barclays had acted fairly. But there is no guarantee that Mrs S would be able to find a new lender to lend on those terms.

I don't consider the current recommendation goes far enough. If Mr S does remortgage, and provides evidence that he has extended the term of his mortgage by at least a year, then Barclays should also refund the product fee of £1,795.

Mr S has had the stress and inconvenience of dealing with this matter for around seven months initially – with a further period of around six months while Barclays dealt with his complaint and the ongoing bother of dealing with this complaint. I accept that the levels of stress and inconvenience will have varied during that time – but overall Mr S has had the trouble of dealing with this matter for over a year. Looking at our guidelines and how we award compensation, I think that £600 in total would be a fair amount to reflect the impact of this matter on Mr S.

Mr S accepted my provisional findings. Barclays said it had nothing further to add and agreed to settle the complaint.

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.

As neither side has disagreed with the findings and outcome I proposed in my provisional decision, I see no reason to reason to reach a different outcome here.

My final decision

My final decision is that Barclays Bank UK PLC should:

- Pay Mr S £600.

If Mr S repays his mortgage with Barclays and provides evidence to show he has taken a new mortgage and extended the term of the mortgage by a year or more, then Barclays should:

- Waive the ERC that applies to Mr S's mortgage up to 2 June 2027.
- If the interest rate on the new mortgage is higher than 2% then pay Mr S the difference in interest he will pay calculated up to 2 June 2027 as a lump sum.
- Refund the £1,795 product fee that Mr S paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 October 2024.

Ken Rose
Ombudsman