

## The complaint

Mr and Mrs O complain that Barclays Bank UK PLC delayed their mortgage product rate switch causing them to go onto the follow-on rate ("FOR"). Mr and Mrs O want to be compensated for the loss and resulting time and stress to get it sorted.

## What happened

On 13 November 2023, Mr and Mrs O applied to switch to two new fixed rate mortgage products to replace their existing ones on the buy to let interest only mortgages they had with Barclays. The existing products ended on 3 December 2023. The new interest rate was 6.25%. One of the switches went through smoothly and the new contractual monthly payment ("CMP") was collected on 3 January 2024. There was a problem with the other switch, and it did not go through as it should have done, and Mr and Mrs O had to make payments based on the FOR for two months on 3 January 2024 and 3 February 2024.

Barclays accepted that it was responsible for errors in processing the application. But it noted that Mr and Mrs O had asked for a new mortgage product with an interest rate of 6.19% in December and as this wouldn't have been available on 3 December, the FOR would still apply for December, the payment for which was collected in January. But it backdated the new interest rate product (of 6.19%) to start in January. As a result, Barclays refunded the difference between the payment Mr and Mrs O made based on the FOR for January in February and the amount they would have paid under the new interest rate. It also offered Mr and Mrs O £250 for their distress and inconvenience.

### *Our investigator's view*

Our investigator's view was that the offer from Barclays was fair. Mr and Mrs O disagreed and asked for a review.

### *My Provisional Findings:*

As my view differed from that of our investigator I issued a Provisional Decision in which I said:

*"Mr and Mrs O hoped to seamlessly move from their existing fixed rate to a new fixed rate when their existing rate ended in December 2023. Barclays accepts that it was at fault for this not happening and has offered to compensate Mr and Mrs O. Mr and Mrs O say that they suffered a financial loss because they were on the FOR and made contractual monthly payments on that rate for the months of December 2023 and January 2024 in January and February 2024. Mr and Mrs O complained and in a phone call in February 2024 Barclays made its offer of compensation as set out above, compensating Mr and Mrs O for their financial loss in January but for the reason set out above not in December.*

*In regard to financial loss, our usual starting point is to put Mr and Mrs O back in the position they would have been had Barclays done its job properly and put Mr and Mrs O on the fixed rate of 6.25% that they wanted to start in December. The issue is complicated because whilst trying to sort the matter out in a conversation with a Barclays mortgage adviser in*

*December, they were told that the old rate had been withdrawn and that they qualified for the new rate of 6.19% which they accepted, and which commenced on 1 January 2024. Its Barclays position that by accepting the new rate and product which wasn't available on 1 December 2023, they are not entitled to a refund of the extra interest that they paid in December when they were on the FOR.*

*But I consider that's unfair. Mr and Mrs O didn't intend to be on the FOR in December. It was Barclays error that they were on it, and it should compensate them for that. They didn't forfeit their right to compensation for this by accepting a new rate in December. The only reason they accepted the new rate was because the old one had been withdrawn and they were anxious to get a fixed rate given the amount they were paying on the FOR. They didn't accept the new fixed rate either knowing or accepting that they wouldn't be compensated for the time that they were on the FOR. I listened to the call on 22 December 2023 between Mr O and a helpful adviser from Barclays who tried to explain why they had not yet been moved to a fixed rate. I'm clear from the call that Mr O accepted the new rate because the old rate wasn't available and that it was his expectation and, significantly, that of the Barclays adviser that the rate would be backdated to the beginning of the month. I recognise that the adviser thought that there might be technical difficulties in doing so but that these could be overcome, and it was the right thing for Barclays to do.*

*Mr and Mrs O should have been on a fixed rate in December and it's fair to require Barclays to compensate them for what they missed out on. On that basis I uphold this complaint. Their expectation was to be on a fixed rate of 6.25% and Barclays should refund the difference between what they paid for December in January and what they would have paid if they were on the fixed rate of 6.25%. It wasn't their expectation that they would be on the lower rate of 6.19% so it wouldn't be fair to use the lower figure.*

*I've also considered what is the fair amount of compensation for their distress and inconvenience. On listening to the call on 22 December I can understand the frustration that Mr and Mrs O suffered prior to then in trying to find out why they had been unable to fix their rate before then. I thought that that call was helpful and informative, and indicated that although there were difficulties technically, Barclays would do the right thing and compensate them for the higher interest they had to pay in January for December. But Barclays didn't do that which would have increased their frustration. In light of that I've considered our guidelines and I believe that the compensation of £300 is appropriate for that element of the complaint. "*

I then set out what my Provisional Decision would be and invited submissions from both parties which I would consider if I received them by 19 November 2024:

*"Subject to any further submissions or evidence I receive by the date referred to above my provisional decision is that I uphold this complaint and require Barclays Bank UK PLC to refund Mr and Mrs O the difference between what they paid the bank on foot of the CMP due on 3 January 2024 for the month of December 2023 and what they would have paid if their monthly payment were based on the fixed rate of 6.25% for that month. Barclays should also pay interest on that sum from 3 January 2024 to date of payment at 8% simple. If Barclays is required to pay tax to HMRC on the interest figure, it should provide Mr and Mrs O with a certificate of tax deducted should they require it.*

*Barclays should also pay Mr and Mrs O £300.*

### **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.

After I issued my Provisional Decision I invited further submissions from Mr and Mrs O and from Barclays by 19 November 2024. Mr and Mrs O didn't respond. Barclays responded to say that it had no further information to add. In light of that I've reviewed the evidence and I conclude that my Provisional Decision represents a fair outcome to this complaint, and I will now issue a Final Decision on similar terms to that of my Provisional Decision.

### **Putting things right**

I require Barclays Bank UK PLC to refund Mr and Mrs O the difference between what they paid the bank on foot of the CMP due on 3 January 2024 for the month of December 2023 and what they would have paid if their monthly payment were based on the fixed rate of 6.25% for that month. Barclays should also pay interest on that sum from 3 January 2024 to date of payment at 8% simple. If Barclays is required to pay tax to HMRC on the interest figure, it should provide Mr and Mrs O with a certificate of tax deducted should they require it.

Barclays should also pay Mr and Mrs O £300.

### **My final decision**

I uphold this complaint and require Barclays Bank UK PLC to take the action referred to above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O and Mr O to accept or reject my decision before 24 December 2024.

Gerard McManus  
**Ombudsman**