

## The complaint

Miss M's complaint is about a mortgage she has with Barclays Bank UK PLC. She is unhappy that Barclays gave her incorrect information about her monthly payment following her adding a new interest rate product to her mortgage and temporarily changing the mortgage to an interest-only basis. This caused her financial difficulties as she's spent money elsewhere, which she then discovered she needed for the mortgage payment.

## What happened

In May 2024 Miss M had an existing repayment mortgage with Barclays. Attached to it was a fixed interest rate product that was due to end on 31 May 2024.

In May 2024 Miss M applied online for a new fixed interest rate product for the mortgage. She was sent a mortgage offer on 15 May 2024 which confirmed the new fixed rate was 6.07%, it would start on 1 June 2024 and the monthly payments would be £1,544.27.

A few days later Miss M applied for a temporary change to the repayment basis of the mortgage. She asked that the mortgage be converted to an interest-only basis for six months. Barclays wrote to Miss M on the same day, confirming the change to an interest-only basis for six months would take effect on 1 June 2024. It detailed the monthly payments that would be due based on the then current interest rate - £459.03 - but said the figure was illustrative and if Miss M had switched her interest rate, the payment would change to reflect that and it would write to tell her what her new payment would be.

Barclays also sent Miss M a notification of the change to her payments due to the change to an interest-only basis. This confirmed that the mortgage was on a fixed interest rate of 2.35% until 31 May 2024 and the monthly payments would change to £459.03 in June 2024. It then stated that after 31 May 2024 the fixed interest rate would be 6.07% until June 2025, but no detail of the amount payable from that point was given.

On 31 May 2024 Barclays wrote to Miss M. It confirmed that her monthly payments were changing due to the change in her fixed interest rate being applied on 1 June 2024. It was confirmed from June 2024 the monthly payment would be £1,108.30.

Miss M contacted Barclays through its webchat facility on 5 June 2024 to question what her monthly payment would be going forwards. She was told it would be £459.03 until November 2024. Miss M has told us that on this basis she used the money she would have paid to Barclays in the June mortgage payment, to pay other bills. She then had to borrow from a relative to be able to make the June payment.

Miss M complained to Barclays and asked that it pay her the difference between the two payments for the month of June 2024.

Barclays responded to the complaint in a letter of 24 June 2024. It upheld the complaint on the basis that it had given Miss M incorrect information in the webchat on 15 June 2024. It offered Miss M £350 compensation for the upset and inconvenience its mistake caused her.

Miss M was not satisfied with Barclays' offer and referred her complaint to this Service. When she did so, Barclays revised its offer to £720, which is the amount Miss M initially requested in settlement of the complaint.

Miss M rejected the offer. She said that she would have accepted it if Barclays had made the offer when she first complained, but she now wanted Barclays to honour the monthly payment of £459.03 until the end of November 2024.

One of our Investigators considered the complaint. He concluded that Barclays' correspondence was not clear and because of Barclays' error, Miss M had not known what her monthly payments would be during the interest-only concessionary period before she entered into it. That error was then endorsed by a member of its staff in the webchat Miss M initiated to check what her payments would be. However, the Investigator was satisfied that if Barclays had not made the error it had, Miss M would still have gone ahead with the changes she requested. As such, he was satisfied that the offer Barclays had made – £720 – was sufficient to compensate her for the stress and upset she had suffered because of Barclays' error.

Barclays accepted the Investigator's opinion, but Miss M did not. She said that while the offer addressed the money she spent relying on Barclays' error, it did not compensate her for the stress she had been caused or the amount of time it had taken to resolve the situation.

The Investigator explained that he had not endorsed the offer based on it compensating Miss M for a financial loss. Rather the payment was to compensate her for the inconvenience and upset she had suffered. He also confirmed that Miss M would always have had to pay the higher payment for June, and the £720 was to compensate her for the impact of the error on her – the upset and inconvenience on her financial planning. Miss M remained unhappy with the offer and asked that her complaint be referred to an Ombudsman for review.

### **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 don't need to consider whether Barclays did anything wrong, as it has accepted that it did. So I will confine my consideration to what it needs to do to redress that situation. Before I do, I would explain that when we determine what redress should be paid, we aim to place a consumer in as close as possible to the position they would have been in, but for the error made by the financial business.

Miss M has told us that when Barclays confirmed she would only need to pay around £500 to her mortgage in June 2024, she used the money she would otherwise have paid Barclays to pay other bills. She then had to borrow money from a relative to be able to pay the full amount of the June contractual payment. As such, I am satisfied that had Miss M been told the correct amount in the webchat she had with Barclays, she would have used her available funds to pay the mortgage, rather than other bills. So rather than owing money to her relative, which she's said she's been unable to repay, she would have owed money to other creditors, as she would not have paid the other bills. So I am not persuaded that Miss M has suffered a financial loss due to Barclays' poor documentation and subsequent error in the webchat, as she would still owe the same amount, just to different parties.

However, I do consider that Barclays should compensate Miss M for the upset its mistake caused her in June 2024 and still is causing, because she owes money to a close family

member, along with the inconvenience she has been put to. I have considered this matter carefully and if Barclays had not made the revised offer it has, I would not have awarded more. I consider £720 is fair and entirely proportionate in the circumstances.

### **My final decision**

Barclays Bank UK PLC has already made an offer to pay Miss M £720 to settle the complaint and I am satisfied this offer is fair in all the circumstances. As such, my final decision is that Barclays Bank UK PLC should pay £720 in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss M to accept or reject my decision before 7 January 2025.

Derry Baxter  
**Ombudsman**