

The complaint

Mr O complained that when he asked Barclays Bank UK PLC to cancel the upcoming fixed interest rate deal on both his Buy To Let mortgages, it only cancelled one. Mr O told us this caused a number of problems for the other mortgage. He wanted Barclays to pay for that.

What happened

Mr O had two Buy To Let (“BTL”) mortgages with Barclays. These were both on fixed interest rates due to end at the end of November 2023.

Mr O spoke to Barclays in July 2023 to book new fixed interest deals on both of these mortgages, and he paid the product fees of £1,795 at the time. He contacted Barclays again in October 2023, as rates had dropped, and booked new rates then. Barclays carried forward the previous product fee payments for these new rates, and put them in place to start on 1 December 2023.

In November, Mr O’s plans changed, and on 27 November he contacted Barclays to ask it to cancel the fixed interest rate deals on both mortgages. Mr O no longer planned to keep these mortgages with Barclays.

The deal on Mr O’s mortgage account ending 1446 was cancelled, and Mr O received correspondence confirming this in due course. Unfortunately, due to an oversight, Barclays didn’t cancel the fixed interest rate deal on Mr O’s mortgage ending 3609. It’s this mortgage that Mr O’s current complaint is about, so that’s the mortgage I’m referring to from now on.

On 11 December, Mr O made a large payment to mortgage ending 3609, which he had intended would redeem the mortgage. He told us he hadn’t received the requested redemption statement, so he estimated the final amount required from information on the mortgage in his banking app. But Barclays hadn’t cancelled the fixed interest rate deal, instead that had been applied on 1 December. So it applied an Early Repayment Charge (“ERC”) to Mr O’s mortgage. The mortgage wasn’t paid off.

On 12 December, Mr O contacted Barclays to complain about this. When this case first came to us, Mr O said this matter had taken some time to sort out, and he thought he had been charged interest at Barclay’s standard variable rate on the full amount of his mortgage, from the start of December, up until the time that Barclays finally actioned a full repayment of his mortgage, a couple of months later. Mr O said he must have paid about £3,500 in extra interest, and he wanted this back.

Mr O has also told Barclays that he wasn’t able to reserve a mortgage with a different lender, because Barclays hadn’t refunded the product fee he’d paid in July, and he needed that money to pay a product fee to a new lender. Mr O has also told our service more recently that he borrowed money from a business he owns, to pay off the mortgage. He said that this wasn’t his intention, but he had to do this as a result of Barclays’ mistakes.

Barclays has accepted that it made a mistake, in not cancelling Mr O’s fixed interest rate deal on this mortgage. So after Mr O complained, Barclays reworked mortgage 3609 so the

recently applied fixed interest rate deal was retrospectively removed. That meant Barclays wouldn't charge any ERC on this mortgage, and it also refunded the product fee for this mortgage on 29 January 2024. (Barclays had previously refunded the product fee for mortgage 1446 on 15 December 2023.)

Barclays said it had taken the payment that Mr O made on 11 December, of £516,888.11, reversed it, and reapplied it as a full redemption. Barclays has backdated this payment, so the mortgage was still treated as if the payment was made on 11 December 2023. Barclays confirmed again that Mr O wasn't charged any ERC as part of this. It also said because it had now removed the fixed interest rate that started on 1 December, the interest rate Mr O was charged between 1 December and 11 December was now higher, so he still owed just under £700.

Barclays also said it wouldn't waive the £80 mortgage exit fee that Mr O was charged, because it said this was always payable when Mr O redeemed the mortgage, it didn't have anything to do with what Barclays had got wrong, and since put right. And it said it had sent a redemption statement to Mr O, it was sorry to hear he hadn't received it.

Barclays said it wanted to pay Mr O £500 to say sorry for the mistakes it had made. Mr O has refused this.

Our investigator checked whether Mr O had been charged interest on the full balance on his mortgage between 11 December and when Barclays finally sorted this out. Barclays said it hadn't charged full interest from 11 December onwards. It said Mr O only owed around £700 after that date, and would only ever have incurred about £12 in interest on this, but Barclays hasn't charged this, it closed Mr O's account without receiving this.

Our investigator also asked why it took until March 2024 for the charge over Mr O's property to be removed. Barclays said it was sorry, but it had taken some time to sort out what had gone wrong. It said it told Mr O there was a shortfall of just under £700 on a call on 2 February, and confirmed this in its final response letter of 9 February 2024. Mr O called Barclays to clear this shortfall on 19 February, and this was actioned for him the following day, 20 February. After that, Barclays closed the account, and released the charge on 4 March 2024.

Before our investigator reached his view, Mr O said this *"As I mentioned I had to use my own funds to pay off the mortgage with Barclays once it became apparent they had rolled me onto a new product when they shouldn't have."*

Our investigator didn't think this complaint should be upheld. He said Barclays had clearly made a mistake when it didn't cancel the fixed interest rate deal on Mr O's mortgage ending 3609. But it hasn't charged Mr O the excessive amount of interest that he feared – in fact he didn't pay any interest on this mortgage after the payment he made on 11 December 2023. And our investigator thought it was fair for Barclays to charge interest up until Mr O's 11 December payment was made.

Our investigator didn't think it was Barclays' fault that no redemption statement was received, and he said that Mr O could always have called for an up to date figure.

Our investigator said that Mr O had recently told us he paid off the mortgage by borrowing funds at a good interest rate against other assets he owns. So our investigator said it didn't look like Mr O had missed out on the mortgage product he wanted with a new lender. Our investigator said he hadn't seen any financial loss here. He did accept there was inconvenience and stress to Mr O from this mistake, but he thought Barclays' offer of £500 was fair in these circumstances.

Mr O said he had to borrow money using a business he owns, then lend that to himself, to clear this mortgage. He said he wasn't able to remortgage this property while Barclays wrongfully held a charge on the title, and that wasn't removed promptly. So he said he had to pay extra interest because the property wasn't mortgageable elsewhere until February 2024.

Mr O said this business borrowing, which he took out to make the large repayment on 11 December 2023, incurs additional fees, and a tax charge. He wanted us to look at this again.

Mr O wanted us to tell Barclays to pay extra interest of £245.83, exchange rate costs which he said were £15,480, and a tax charge of £1,940.41, so a total cost of £17,666.24 for the sum of around £516,000 that he borrowed. He repeated there was no alternative to this, as the property couldn't be mortgaged with a different lender until the charge was finally removed by Barclays.

Our investigator didn't change his mind. He said he'd thought about what would have happened if Barclays had repaid the product fee when it was first asked to, and he thought Mr O would have remortgaged with another lender at a higher rate. The charge would then have been removed on receipt of the funds. But as Mr O had now redeemed his loan and no longer had debt secured on the property, Mr O seemed to be in a better financial position than he otherwise would have been. So our investigator still thought a payment of £500 was fair to resolve this case.

Mr O said he didn't think we'd understood. He said he couldn't complete a remortgage to another lender while Barclays continued to hold a charge on the title. Mr O said his calculations allowed for the fact that he would have got a higher rate of interest with another lender, but he said that the exchange rate costs and tax still left him with a loss on this business borrowing. So he wasn't in a better financial position overall, and that's what he wanted compensation for.

Because no agreement was reached, this case was then passed to me for a final decision. And I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I didn't think Barclays had to do more than it had previously offered. This is what I said then:

I can see that Mr O's complaint has changed somewhat, while our service has been considering his case. At first, he said he was very worried that Barclays had continued to charge interest on all the borrowing on mortgage 3609, at a very high rate, for some months after he paid off almost all of the mortgage on 11 December 2023. But our investigator has been able to reassure him on this point, and I think that's right. Mr O was charged interest at Barclays' follow-on rate from 1 to 11 December 2023, but not after this.

Once this point was resolved for him, Mr O said that he'd been forced to obtain a loan to his own limited company, then lend himself this money to redeem this mortgage, because of the mistakes Barclays made. But I don't think that's the case.

Mr O made a decision before 11 December 2023, about how he would discharge this mortgage. He had an offer in place from a different lender, which would incur a product fee of £2,195. Mr O didn't go ahead with that offer. He has told us that instead, he borrowed about £516,000 using his business, then lent that to himself, to make this payment. And he said this came with considerable costs.

Mr O told Barclays he couldn't go ahead with a remortgage to another lender, because Barclays hadn't paid back the product fee he'd been charged, and he needed that £1,795 to be repaid before he could cover the £2,195 that another lender wanted as a product fee. I don't think that it's most likely that Mr O, who was then able to borrow around £516,000 from his business, was unable to either cover a payment of £2,195 as the product fee for a new mortgage, or alternatively to borrow that smaller sum, so I don't think that's why Mr O didn't go ahead with his remortgage to another lender.

Before the view was reached, Mr O told us he had to use his own funds to pay off the mortgage with Barclays once it became apparent it had rolled him onto a new fixed interest rate product when it shouldn't have. But Mr O made that decision, to use his own funds, before he made the payment on 11 December. And there's nothing to suggest that Mr O was already aware, at that time, that Barclays hadn't done what he asked, and cancelled the fixed interest rate deal he'd previously put in place. The evidence I have seen makes me think Mr O only realised that had gone wrong, after this 11 December payment was made. So his decision to use his own funds wasn't affected by this.

Mr O then told us that he'd had to use his own funds, because he couldn't remortgage while Barclays still had a charge over his property. However, it's usual for a lender to take some days after the redemption funds from a remortgage are received, to remove a charge over a property. That doesn't stop customers from remortgaging. This is a matter which is dealt with by solicitors who carry out the legal work in a remortgage. They make sure that appropriate agreements are in place with the lender who's redeeming the mortgage and with the lender who's providing the new funds, so the old charge can be removed and a new one put in place. That usually happens a little while after the remortgage funds are drawn down from the new lender and the redemption payment has been made to the old lender. So I'm not able to accept that Mr O had to use his own funds because Barclays then kept a charge over his property for longer than he anticipated, when he made the redemption payment on 11 December 2023.

For the above reasons, I don't think Barclays is responsible for Mr O's decision to use his own sources of funding on 11 December 2023 to repay mortgage ending 3609, which means I don't think Barclays has to refund any of the costs Mr O says he incurred by doing that.

Turning to Mr O's other complaint points, I don't think it's Barclays' fault if a redemption statement Mr O had ordered wasn't received. Like our investigator, I think Mr O could have checked again with Barclays before he made the payment, if he wanted to be sure the figures were right.

I do think Mr O faced some inconvenience and worry from the mistakes that Barclays has made here. I've also listened to the calls Mr O had with Barclays to resolve the problem, and I think that unfortunately, Barclays' handling of this issue then prolonged those concerns for Mr O. But I think Barclays has since removed the financial impact that I think those mistakes could reasonably have been expected to have on him. And it has offered £500 for the inconvenience.

I think Barclays should pay the sum of £500 that it previously offered, now, if it has not already done so. But I don't think it has to do any more. I understand that Mr O will be disappointed, but, like our investigator, I think the offer Barclays previously made does provide a fair and reasonable outcome to this complaint.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

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.

Barclays said it agreed with my proposed resolution, but Mr O wrote to disagree.

Mr O said there were major inaccuracies in my decision, so he didn't agree with it.

Mr O said I'd explained I thought his decision to use his own funds to pay down mortgage 3609 was made at a point when it didn't look as if he was aware Barclays hadn't actioned his request to cancel the new rates on both his BTL mortgages. But Mr O said he did know that, and I would have heard this if I'd listened to the call recordings prior to this payment.

I had listened to the calls Mr O had with Barclays when he'd complained, but at this point, I asked Barclays to send us the call Mr O had with it on 11 December, the day he made the large lump sum payment to account 3609. I have now listened to that call too. And I can hear Mr O set out clearly at the outset that he intended to transfer one of his two BTL mortgages to another lender, but the other one, 3609, he was intending to pay off himself. He doesn't mention having made this payment already, so it seems most likely that this call happened before the large lump sum payment was made.

On this call, Mr O asked why the refund of product fees on both mortgages hadn't yet been received, and Barclays said his product cancellations hadn't been actioned. But Barclays undertook on this call to cancel those rates, and recalculate Mr O's interest on his BTL mortgages from the date the new rates were applied.

So, although Mr O did apparently realise on this call that cancellation of the new rates on his two BTL mortgages hadn't already been actioned, he was immediately reassured that this would be done for him. And Mr O clearly expressed his intention at the start of this call to pay down mortgage 3609 himself, before Barclays explained that his request to cancel the new rates hadn't yet been actioned.

So I still don't think that Mr O's decision to pay down this mortgage with his own funds, was made because of any delays with the cancellation of the new fixed interest rate product on mortgage 3609.

In responding to Mr O's argument that he'd had to use his own funds, because he couldn't remortgage while Barclays still had a charge over his property, I'd explained that customers aren't prevented from remortgaging because it takes some days after payment is received to remove the old charge. Mr O replied that Barclays held a charge on his property for around two months, and that did stop him from remortgaging, because a solicitor needs clean title to be able to complete a remortgage.

Mr O has told us that he held a mortgage offer from a different lender for this property, but he also said this offer was at a higher interest rate than Mr O's business was paying on its lending. So even if Mr O did later take up that mortgage offer, I can't say that Mr O was worse off because it took some time for Barclays to remove its charge, as that would be time that this lending was held on a better interest rate.

I said it wasn't Barclays' fault if Mr O didn't get a redemption statement that it sent. Mr O said even if he'd got the statement, it would still have been wrong, because the wrong interest rate and Early Repayment Charge had been applied.

I accept that any redemption statement sent to Mr O before the new rates were cancelled on both of his mortgages would not be accurate. But it appears Mr O also knew the information available to him online was wrong, because he mentioned to the agent on his 11 December call that he could see the new fixed interest rate had been applied. He asked if, when the rate was removed, this would be backdated so the variable rate would be applied from 1 December, and the agent confirmed it would be. So I think Mr O ought to have been aware, from this call, that the amount shown online as a current balance would fall short of his actual debt, once the new, lower, fixed interest rate was removed as he'd requested and a higher rate was applied from the start of December. And I still think Mr O could have contacted Barclays to ask for an accurate redemption figure.

For the above reasons, I haven't changed my mind. I'll now make the decision I originally proposed.

My final decision

My final decision is that Barclays Bank UK PLC must pay the £500 it has previously offered in this case. Barclays Bank UK PLC can count towards that total any compensation payment it has already made to Mr O for this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 20 February 2025.

Esther Absalom-Gough
Ombudsman