

The complaint

M – a limited company – complains that Barclays Bank UK PLC did not transfer a mortgage to a new fixed interest rated product.

What happened

M has a buy-to-let mortgage with Barclays. The existing interest rate product expired in May 2023. Barclays said that M did not apply for a new interest rate product, so the mortgage reverted to its SVR. But Mr G, on behalf of M, said he'd applied for a new fixed rate before the existing rate ended, but Barclays did not put the new rate in place as it should have.

Mr G said he spoke to Barclays in September 2023 and discovered that the mortgage had not been switched to a fixed rate in May 2023 as he understood. He said it then took Barclays until March 2024 to respond.

Barclays applied a new fixed rate from 3 February 2024, offered £150.55 “...*due back to [M] as a result of reverting to SVR*”, and offered £300 for any distress and inconvenience.

The investigator said there was no evidence that M made an application and Barclays had written to it a number of times – so it ought to have been clear that a fixed rate wasn't in place. She said that M was in touch with Barclays in November 2023 and that Barclays had agreed to offer a product that was available at that time – but the interest rates were higher than the rate M now has. The investigator thought that Barclays' offer of £300 was “suitable”.

Mr G responded to make a number of points, including:

- At the time in question, M was applying for other fixed rates and he and his wife were also applying for a new fixed rate for another mortgage in their own names.
- When they had not accepted the fixed rate for the mortgage in their own names, they received a reminder that they needed to do so. That led them to believe that they had done everything necessary for the mortgages held by M.
- The letters Barclays sent were that the mortgage payment was changing. But they had a mortgage that was on a variable base rate tracker, they were not surprised to receive such letters. And the letters did not break down the payments to each tranche – just the overall monthly payment. So they could not identify which part of the payment had gone up.
- The contact notes that refer to initial contact in November 2023 are incorrect. But he can't access his mobile phone records.
- Barclays should backdate the rate to May 2023.

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.

M has a buy-to-let mortgages with Barclays, with an account number ending 445. Mr G also has a buy-to-let mortgage in his own name with an account number ending 681.

Barclays has given us evidence that it wrote to M in May 2023 to say that the fixed interest rate on 445 would end in June 2023 and the mortgage would revert to the SVR.

When Mr G switched to a new interest rate product on 681 in 2023, Barclays sent a letter confirming that the rate switch had taken place. There is no evidence that such a letter was sent for 445.

Barclays has also given us evidence that it wrote to M for account number ending 445 on 3 May, 3 June, 3 August and 3 September 2023 to tell it that the monthly payment was going up.

There is no evidence that M received any confirmation that a new interest rate product had been agreed for 445 in 2023. And Barclays has provided evidence that it wrote to M to tell it that its payment was going up a number of times. Barclays has produced copies of the letters and they are correctly addressed. It seems more likely than not they were sent .

M is s limited company running a business letting a property. Barclays has no evidence that an application was ever made in 2023 for 445. I can't see that there has been any error by Barclays. And even if there was, M had enough information to know that a new product had not been set up on 445 as it believed and could have taken action to mitigate its loss sooner than it did. So I do not consider that Barclays acted unfairly by charging M the SVR on 445 when the previous fixed rate expired in 2023.

While we have evidence that Mr G contacted Barclays in September 2023, it does not support that an application was made – and I can't see any error by Barclays arising from that interaction. But Barclays has accepted that it didn't offer an appropriate service when Mr G next contacted it on 3 November 2023. It has offered £300 for any inconvenience caused by that. It has also offered to allow M to choose an interest rate that was available when it contacted Barclays in November. But it has pointed out that interest rates at that time were higher than M eventually took. So it is not clear that it would be better of by agreeing to that.

Overall, I consider Barclays' offer is a fair way to settle this complaint.

My final decision

My final decision is that Barclays Bank UK PLC should:

- Pay M £300.
- Write to M and explain what interest rate products were available to M on 3 November 2023.
- If, within 28 days of Barclays writing to M with details of the interest rates available on 3 November 2023, M tells Barclays that it wishes to switch to one of the above interest rate products, then Barclays should backdate the interest rate to 3 November 2023. If M has overpaid as a result Barclays should refund any overpayments with interest. If M has underpaid, Barclays should tell M how much it needs to pay to make up the shortfall and give it a reasonable time to repay it.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or

reject my decision before 24 April 2025.

Ken Rose
Ombudsman