

## **The complaint**

Mr F complains that Barclays Bank UK PLC have charged him a high rate of interest for many years, and he was unable to move his mortgage to another lender due to the property being in negative equity.

## **What happened**

Mr F took out a mortgage in 2006 with standard life bank which later migrated to Barclays in 2012.

Mr F has explained that Barclays failed to offer him better rates of interest when he was struggling with his mortgage payments. He said he was on sabbatical overseas between September 2015 to September 2019 and Barclays had tried to take possession of the property but this was sorted out once he cleared the arrears. He said Barclays have charged him a standard variable rate (SVR) which was higher than the one they advertised.

Mr F says he started to have financial difficulty from October 2016. He said he sent a fax to Barclays on 16 October 2016 asking if they could reduce the interest rate he was on and explained he wasn't able to move lender as his property was in negative equity.

He says he didn't get a reply so he used their online platform and was told to write a letter to them which he did. Mr F says he then received a letter in March 2017 letting him know that Barclays were starting legal proceedings against him.

Mr F said he managed to secure a new interest rate in 2020 but believes that Barclays should have offered him a lower rate before then.

Barclays issued a final response letter dated 13 March 2024. They said that Mr F was on the SVR between September 2006 and April 2020 and the rate was based on the Bank of England base rate.

Barclays acknowledged the letter that Mr F sent them in February 2017 where he stated he was struggling to pay the mortgage on the SVR but after numerous attempts, they were unable to contact him. But they said they didn't get any other communications from Mr F asking for a new interest rate.

Mr F brought his complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. He thought that some of Mr F's complaint had been brought outside of the relevant time limits so he said we could only consider the interest rate charged on the mortgage and the support provided to Mr F from 21 January 2018 to 12 August 2020.

He then proceeded to give his opinion on the merits of the complaint and didn't uphold it. He wasn't persuaded that the interest rate that Mr F had been charged had been applied incorrectly. He also didn't think Barclays had acted unfairly by not supporting him by letting him move to a lower interest rate.

Mr F didn't agree with the investigator. He made the following comments:

- Our assessment of jurisdiction is flawed and doesn't take into account Mr F's specific circumstances.
- Barclays failed to communicate the change in the SVR in 2018 and this directly caused his delayed understanding of the issue. It was only after securing a new

interest rate in 2020 that he had sufficient knowledge of Barclays' unfair practices.

- Between 2015 and 2019 he was overseas on sabbatical. He had limited access to UK based advice. He wrote to Barclays on 16 October 2016 giving them his email address and contact number but they failed to use these channels. This failure impaired Mr F's ability to raise the complaint sooner.
- Mr F said it's evident that Barclays charged an interest rate of 4.49% above the Bank of England base rate until 2018 and reduced this to 3.49%. He said this reduction causes concerns as they failed to inform him, as a borrower who was in arrears, that they made a change to their SVR in 2018.
- Barclays refused to allow Mr F to go onto another lower interest rate or fixed rate or offer other appropriate forbearance when he was going through financial distress. He said this is a regulatory breach of their duty to treat customers fairly. He said Barclays reliance on an income and expenditure assessment, without adequate support or acknowledgement of Mr F's vulnerable state was unreasonable and punitive.
- Barclays failure to engage meaningfully earlier aggravated Mr F's difficulties, leading to unnecessary legal action.

Mr F said he would like a recalculation of his mortgage and a refund of overcharged interest with compensatory interest for any unlawful charges. He would also like financial redress for stress and reputational damage.

As Mr F disagreed with the investigator, he asked for the complaint to be reviewed by an Ombudsman, so it's been passed to me to decide.

I issued a jurisdiction decision on 20 February 2025 outlining that I could only consider Mr F's complaint about the interest rate charged and support provided in connection to this from 21 January 2018 onwards.

### **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.

#### *Interest rate charged*

Mr F took this mortgage out with Standard Life in 2006 and was later transferred to Barclays in 2012. Due to the passage of time and also the fact that Barclays only hold certain records, I haven't been able to obtain the original mortgage offer to see what terms and conditions were previously agreed.

I've seen a letter that Barclays sent to Mr F dated 2 March 2012 which confirms the move from Standard Life to Barclays. The letter says that the interest rate may fluctuate in line with the Bank of England base rate, which was 0.5% at the time, if the mortgage is on a variable rate.

Mr F believes that Barclays were charging him a higher rate of interest which they were not allowed to do based on their terms and conditions. He said he was charged more than Barclays normal SVR of 3.49% above the Bank of England base rate and that when this rate decreased to 0.5%, he was still paying a higher rate of interest.

Barclays have provided us with information that shows their SVR at the time in January 2018 was 4.49% above Bank of England base rate. The Bank of England base rate was 0.5% in January 2018, and it changed to 0.75% in August 2018.

I can see that up until August 2018 the SVR that was applied to Mr F's mortgage was 4.99% which was calculated at 4.49% plus 0.5% Bank of England base rate. In September 2018

the SVR was increased to 5.24% which was calculated using 4.49% plus the increase in the Bank of England base rate to 0.75%. The interest rate then decreased in April 2020 to 4.59% after a reduction in the Bank of England base rate to 0.25%. This continued to be applied at this rate until Mr F agreed to a fixed interest rate.

Mr F took out a two-year fixed rate on 25 August 2020 at a rate of 1.79%. The mortgage offer confirmed that at the end of this period, the mortgage would move to the SVR which was 3.49% above the Bank of England base rate.

I've then looked at the mortgage offer dated 26 May 2022 which confirms that Mr F then took out a five-year fixed rate at 2.36% until 31 August 2027.

Having looked at the SVR that Mr F's mortgage was charged from January 2018 until he secured a fixed rate on 25 August 2020, I'm persuaded that the interest rate has been applied correctly to the mortgage. I haven't seen anything that suggests this rate was charged outside of Barclays terms and conditions or that it was unreasonably high.

#### *Support provided to Mr F*

Mr F's mortgage has been in arrears for several years which includes the years that I am able to consider on this complaint. Where a mortgage is in arrears, it may not be appropriate for a lender to agree to a fixed rate because most of these products come with an early repayment charge. The difficulty here is that if Barclays decided to start litigation against Mr F, this would mean he would incur more fees than he would need to. It's clear in this case that Barclays did start legal proceedings against Mr F in 2017 but this was later cancelled when Mr F repaid the arrears on the mortgage.

However, this doesn't mean that a lender shouldn't see what forbearance they can offer someone who isn't eligible for a fixed rate, without further consideration of their circumstances. Where a customer can't afford to pay their mortgage or make reasonable payments towards it, a new fixed rate isn't appropriate as I said, because it ties them into an early repayment charge. But where a new interest rate can make the mortgage more affordable when the SVR may not be, then a lender should consider where there are any other interest rates that may benefit a customer.

Mr F said he contacted Barclays in 2016 and 2017 about his situation. I understand he was on sabbatical during this period. Barclays do not appear to have received Mr F's faxed letter in 2016 but they did receive the one from 2017 where they note that he was struggling financially. Having looked at the contact notes, I can see that Barclays made efforts to try and contact Mr F regarding the difficulties he was facing. They said they sent several letters and they also tried to telephone him, but they were not able to get in touch with him. I can also see in 2019 they carried out a 'no trace' as a way of trying to locate Mr F.

Barclays said that Mr F contacted them in September 2019 where he explained that the reason for his reduced income was due to the fact that he was on sabbatical. The contact notes suggest that Barclays set up a plan for Mr F to pay his mortgage and asked for him to complete an income and expenditure form (I&E). I can't see anything to show that Barclays received this from Mr F. I can then see that he cleared the arrears on his mortgage and then took out the fixed rate in 2020.

Barclays would have been able to see what other support they could have provided Mr F but they would have needed to complete the I&E in order to assess Mr F's situation at the time, before agreeing what help they may be able to provide – if any. This isn't unreasonable and a step that Barclays wanted to take to see if there were any other options they could consider to help Mr F. But without an I&E, it would have been difficult for Barclays to understand Mr F's situation at the time.

It may have been irresponsible for Barclays to offer Mr F a new interest rate because this would have tied him into it, and litigation had already been started in 2017 before Mr F

cleared the arrears on his mortgage. He was then able to secure a new interest rate after this was done.

Barclays have told us that while a borrower is in arrears, they wouldn't be able to switch the interest rate on their mortgage until the arrears were cleared. And they said if the arrears were not cleared, then they can refer a borrower to their support team to see what forbearance can be offered.

This may not always be reasonable and if Barclays could have offered a new interest rate that didn't have an early repayment charge or a product fee, it may have been suitable to allow Mr F to switch his mortgage. But there are a couple of points for consideration here.

Barclays have provided us with information to show what products they had available from 2020 and having looked at these, the only products available either had an early repayment charge or a product fee of £999 which on balance wouldn't have been suitable for Mr F as he was already in financial difficulties and some of these still had an early repayment charge.

The other consideration is that even if Barclays could have offered Mr F an interest rate that didn't have any fees attached, they wouldn't have been able to just move the mortgage over without contact from Mr F – which they have said they were unable to do. But having looked at the rates that Barclays could have offered in 2019 when they spoke to him, based on the loan to value at the time, the same would have applied – either an early repayment charge or a £999 product fee. So I'm not persuaded this would have helped Mr F's situation.

Having considered everything for the period I am able to, I can't say Barclays didn't try to offer support to Mr F. But without being able to contact him before he made contact in 2019 and without them having received an I&E, I can't say they could have done anymore at the time.

So based on this, I don't agree that Barclays have acted unfair in the circumstances of this complaint.

### **My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 25 March 2025.

Maria Drury  
**Ombudsman**