

## **The complaint**

Mr T complains that Barclays Bank UK PLC told him it would adjust the amount it was lending to him, to match the balance of the mortgage being repaid, but that it didn't do this.

Mr T says this has caused him a financial loss and also unnecessary frustration.

## **What happened**

Mr T held a mortgage with another lender. Around March 2023, he approached Barclays about a re-mortgage, as the rate he had with his existing lender was coming to an end.

Mr T decided to go ahead with the remortgage, and he says the Barclays adviser suggested the original application be for an amount of £240,000, but that the amount would be adjusted to reflect the remaining balance of the mortgage being repaid.

The mortgage completed around 1 August 2023. Mr T says that a few weeks' later he received an amount from his previous lender of just over £2,500 - being the difference between the amount he'd borrowed with Barclays (£240,000) and the amount outstanding on his previous mortgage (just under £237,500) when the Barclays mortgage completed.

Mr T complained to Barclays that it had lent him more than he'd needed and that this had resulted in him paying interest to Barclays on too high an amount, at a higher rate of interest than his previous mortgage. He said he thought the solicitor appointed by Barclays had contributed to what had happened.

Before Barclays had provided a formal response to his complaint, the mortgage adviser suggested Mr T use the surplus funds he'd received from the previous lender, to reduce the balance of the Barclays mortgage. Mr T didn't do this, because he hadn't yet received Barclays' formal response to this complaint.

Barclays didn't uphold the complaint. In summary, it said it had lent the amount that had been requested and that was in line with the Mortgage Offer that had been produced. It said that it noted the mortgage had been arranged through a branch adviser, that the adviser was at fault, and that it couldn't therefore be held responsible for what had happened.

Mr T remained unhappy and referred the complaint to the Financial Ombudsman Service. An Investigator here issued an assessment of the case.

In summary, they said there was insufficient evidence for them to conclude, on the balance of probabilities, that Barclays had mis-informed Mr T about what was going to happen regarding the amount being borrowed.

Mr T remained unhappy. He didn't agree with the Investigator's assessment, including the finding they'd made on the balance of probabilities.

As the matter remained unresolved, it was passed to me to make a decision. I shared my provisional thoughts with both parties, as follows:

### The Ombudsman's Provisional Findings

*First, the Ombudsman notes that in its Final Response letter, Barclays said its Mortgage Adviser had made a mistake. It said "I can see that the case was submitted through a branch advisor and that the Mortgage Adviser (MA) missed to notify this information at the time of submission, hence the fault is from the MA as the Under Writer wouldn't have been able to reduce the borrowing amount, without the proper documentation on the case. If the MA brought this to our attention before the funds were released, we would have been able to uphold your complaint."*

*The Ombudsman says that, arguably, this is sufficient of itself to go on to consider the impact of the mistake Barclays says it made. However, having reviewed the file, including listening to what Mr T told our Investigator about what happened in the original meeting with the Mortgage Adviser, the Ombudsman says that he also finds what Mr T to have said to be both plausible and persuasive.*

*Part of the Investigator's rationale for their outcome, was that none of the documentation after the meeting mentions anything about the amount to be borrowed reducing. The Ombudsman considers this to be correct, but that equally, nothing in the documentation or correspondence that followed the initial discussion undermines what Mr T says he was told was going to happen (that the amount being borrowed would be adjusted to match the amount required to redeem his existing mortgage).*

*The Ombudsman considers that Mr T has been clear and consistent on what he says he was told and thus what his understanding and expectations were, in terms of what was going to happen. The Ombudsman is satisfied his version of events is the more likely.*

*The Ombudsman adds that it's possible something was sub-optimal in terms of the role the solicitor (engaged by Barclays and where it says it was acting entirely on Barclays' behalf) played in what happened. But given his thoughts above, he doesn't need to explore or consider this further in reaching a fair and reasonable outcome.*

### Putting things right

*The Ombudsman considers that what has happened has caused Mr T some unnecessary distress and inconvenience. Mr T considers he's lost out financially because of what's happened – in that he's ended up paying interest on a larger balance than he was expecting to be the case. The Ombudsman agrees that in the period between the Barclays mortgage beginning and Mr T receiving the 'surplus' amount back from his previous lender, this is correct. The Ombudsman also understands why Mr T didn't do what the Mortgage Adviser suggested (to pay the Barclays mortgage down using the money from his previous lender), pending the outcome of his complaint.*

*However, the Ombudsman also considers that Mr T could've mitigated the loss from the point that Barclays issued its Final Response on the complaint.*

*Bearing this in mind, and given the approximate amount of additional interest involved, the Ombudsman considers that to settle this dispute, Barclays should pay Mr T a total of £250 to both reflect the unnecessary distress and inconvenience caused to him and to cover any financial loss. The Ombudsman believes this is a fair amount, reflecting the nature of the issue and the impact on Mr T.*

*Finally, if Mr T hasn't yet paid the 'additional' amount off of the Barclays mortgage, if he chooses to do so before the next anniversary of the mortgage, Barclays should not count the payment towards the overpayment allowance Mr T is entitled to, under the contract.*

I asked both parties to provide any further comments by 13 April 2025. Barclays responded to say it accepted the provisional findings, with one comment in relation to what I'd said about the surplus amount not being treated as an overpayment if paid by Mr T. Barclays said that the current year's anniversary runs from 1 August 2024 to 31 July 2025 and that if Mr T wishes to utilise the full overpayment allowance plus overpay the surplus funds, it would have to manually refund any early repayment charge, which it would be happy to do.

Mr T welcomed the change in the outcome of his complaint, but said that more needed to happen to put things right. In summary, he said I should consider the following:

- An apology from both Barclays and the solicitor acting on its behalf.
- A refund of the interest paid on the 'surplus' amount, from the start date of the mortgage until the date on which a formal agreement is reached with Barclays on the matter. Mr T estimates this to be approximately £185 to the end of March 2025.
- The potential gains he could've made had he invested the 'surplus' amount in a scheme with a similar (4.4%) or higher-yielding interest rate.
- Written confirmation from Barclays that it will allow him to pay the 'surplus' amount in addition to his overpayment allowance – to apply retrospectively for the 12-month period 1 August 2023 to 31 July 2024.
- An amount in compensation for the distress and inconvenience caused, taking into account the time he's spent correcting the error - including the time and effort putting responses together in the course of bringing the complaint.

### **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.

Having done so, I've reached the same overall outcome per the provisional thoughts I shared with both parties (which form part of this Final Decision).

Barclays accepted my provisional findings upholding the complaint. As such, the only thing I need to consider is what needs to happen to put things right. Having thought about all of the points Mr T asked me to consider in response to my provisional findings, I am still of the mind that Barclays needs to pay Mr T a total of £250 to put things right. I'll explain why.

First, I note Mr T's request for an apology from both Barclays and the solicitor acting on its behalf. I'm not going to direct Barclays or the solicitor acting on its behalf to apologise. Such an apology would lack sincerity, since it would be being made following a third party's direction.

Mr T has said he should be compensated for financial loss in two different ways. First, he says Barclays should pay an amount equating to the extra interest he's paid from when the Barclays mortgage began up to the point the matter has been resolved.

I don't agree it would be fair for Barclays to need to do this. I set out in my provisional findings that Mr T had ended up paying interest on a larger balance than he was expecting to be the case – in the period between the Barclays mortgage beginning and Mr T receiving the 'surplus' amount back from his previous lender.

I also set out that I could understand why Mr T didn't follow the Mortgage Adviser's advice to

use the surplus funds from the previous lender to pay down the Barclays mortgage balance, pending the outcome of his complaint.

However, I also set out that Mr T could've mitigated any further losses from the point that Barclays issued its Final Response on the complaint. Mr T hasn't engaged with this logic and I still think the same way about this issue.

Mr T has also said he should be compensated for potential gains he could've made had he invested the 'surplus' amount in a scheme with a similar (4.4%) or higher-yielding interest rate.

I don't find this persuasive. Mr T hasn't used the 'surplus' funds he received from the previous mortgage lender to pay down his Barclays mortgage. In the same way that Mr T could've done this following receipt of those funds, Mr T equally could have chosen to invest that money in whatever way he deemed appropriate. That he's chosen not to isn't down to anything Barclays has done.

In terms of compensation for the unnecessary distress and inconvenience caused, Mr T has mentioned the time and effort he's spent making his complaint. I appreciate the point Mr T has made, however it's known that things can sometimes go wrong with products and services provided by businesses to consumers, that can lead to a consumer deciding to make a complaint.

I don't consider that this in and of itself is directly relevant to the level of compensation that's appropriate here. Rather, the compensation amount is based on the broader impact of the thing that's gone wrong.

Barclays' error has clearly caused frustration for Mr T that could've been avoided. However, it has not (in context) resulted in a significant financial loss to Mr T or any associated hardship.

Bearing this in mind and given that I don't agree with Mr T that the financial loss he's suffered as a result of what went wrong is at the level he thinks it is, I still find that it would be fair and reasonable in this case for Barclays to pay a total of £250 to Mr T – reflecting both the financial loss he incurred (up to the point he could've mitigated the position) plus the broader impact of what went wrong.

Finally, Barclays has said that if Mr T wants to utilise the full overpayment allowance this year (August 2024 to July 2025) plus overpay the surplus funds, it will manually refund any early repayment charge relating to the payment of the surplus funds. I consider this is fair.

### **Putting things right**

Barclays Bank UK PLC must pay Mr T a total of £250 to settle this complaint.

If Mr T wants to utilise the full overpayment allowance this year before the next anniversary date (31 July 2025) and also use the surplus funds to reduce the mortgage balance, Barclays must refund any early repayment charge relating to the payment of the surplus funds.

### **My final decision**

My final decision is that I uphold Mr T's complaint against Barclays Bank UK PLC and I direct it to do what I've set out above under 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 17 April 2025.

Ben Brewer  
**Ombudsman**