

The complaint

Mr H complains that Barclays Bank UK PLC did not switch his buy-to-let mortgage to a new fixed interest rate on time. As a result, his mortgage reverted to the standard variable rate (SVR).

What happened

Mr H has a buy-to-let mortgage with Barclays. It had a fixed rate of 2.55% that applied until 31 August 2024.

Mr H accepted an offer for a new fixed rate of 4.95% and returned his acceptance to Barclays for the product to be switched as soon as the existing product expired. But Barclays did not switch the product and the mortgage reverted to the SVR.

Mr H complains that Barclays:

- Did not apply overpayments to reduce the balance of the mortgage.
- Deliberately or negligently failed to apply the correct interest rate and obstructed his efforts to switch the rate.
- Failed to communicate clearly by sending out of late and confusing correspondence.
- Failed to act on documents sent to it.
- Sent aggressive and threatening communications, for example requiring action on the same day a letter was sent.
- Caused financial hardship for him and his family. He had to use savings and threatening to impose a higher interest rate.
- Obstructed raising a complaint.

Mr H wants Barclays to adjust the mortgage to reflect the overpayments and excess balance held by Barclays from 1 September 2024 to the date it made a refund or pay him £500. He also wants £3,000 for the emotional and financial hardship caused by Barclays and the effort required to sort this out.

In January 2025, Barclays said it backdated the 4.95% fixed rate to 1 September 2024, refunded the overpayments that Mr H made and offered £300 for any inconvenience caused. Our investigator thought that was a fair offer, but Barclays should also apply “simple interest”. Mr H did not accept what the investigator said.

When I reviewed things, I thought Barclays needed to do more to put things right. In addition to backdating the fixed rate and refunding the overpayments I thought it should pay interest at 8% simple per year on the overpayments from the date they were made until they were refunded on 10 February 2025. I also said that £500 was a fair amount to reflect the distress

and inconvenience caused to Mr H.

Barclays accepted what I said. Mr H responded to say that he was concerned that Barclays had not carried out its calculations correctly and that his balance had increased by around £2,000 after it had re-worked his account.

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 dispute much of what Mr H has said. It should have been straightforward for Barclays to guide him through the process he needed to complete the switch to a new product. There was avoidable confusion and a breakdown in trust because of the way that Barclays handled this matter.

Where a business has not acted fairly, we try and put the affected party in the position they would have been in if they had been treated fairly in the first place. In this case, if Barclays had acted fairly, the 4.95% fixed rate would have been in place on 1 September 2024 and Mr H would not have reverted to the SVR. Mr H had to maintain significantly higher mortgage payments for around four months because of that.

Barclays said it has already backdated the fixed rate to 1 September 2024 and refunded the overpayments to Mr H – it has also agreed to pay interest on the overpayment refund. By doing those things Barclays would have put things right.

Mr H said he is concerned that Barclays has not calculated the redress correctly. I'm not sure the evidence we have supports that his mortgage balance has increased by £2,000 as he believes. And if Mr H accepts my decision Barclays will be legally bound to do what my decision says. Nevertheless, I agree that what Barclays has done was not sufficiently transparent for Mr H to be assured that it had applied the redress properly.

In view of the above, if Mr H accepts my decision, Barclays should review and make sure that it has backdated the interest rate correctly – and that Mr H has not lost out because of the way it has done that. It should also check that the amount it refunded Mr H was correct and calculate how much interest is due on the overpayments refund. It should then provide a sufficiently detailed breakdown to show how it has backdated the rate, how it calculated the refund and interest and what the balance of the mortgage is.

That leaves compensation for the distress and inconvenience caused to Mr H as a result of this matter. I don't dispute anything Mr H has told us. He's had to pay significantly more to his mortgage for a number of months – and he's had additional inconvenience in sorting this matter out. In addition, Mr H said he's been caused emotional distress including inability to sleep because of what happened.

In view of what Mr H has told us about the impact on him and the length of time this matter took to resolve, I consider that a payment of £500 would be fair in all of the circumstances and is in line with our approach to compensation for distress and inconvenience. I do not have the power to award compensation for any impact on Mr H's family

My final decision

- My final decision is that Barclays Bank UK Plc should:
- Honour its offer to backdate the rate switch on Mr H's mortgage to 1 September 2024.

- Refund the overpayments Mr H made because the mortgage reverted to the standard variable rate.
- Pay 8% simple interest on the refunded over payments from the date each payment was made until 10 February 2025, the date of the refund.
- Provide a suitably detailed breakdown of how it has calculated the above figures, as set out above.
- Pay Mr H £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 July 2025.

Ken Rose
Ombudsman