

## **The complaint**

Mr M complains that Barclays Bank UK PLC misled him about his monthly payments when he took out a new product for his buy to let mortgage.

## **What happened**

Mr M has a buy to let mortgage with Barclays on an interest only basis. His interest rate product was due to expire on 31 November 2024.

Mr M applied for a new interest rate product via a broker. Barclays issued a product switch offer on 11 November 2024. This said the new interest rate was 4.26% and Mr M's monthly payments after the product took effect would be about £720.

Mr M received a revised payment notice from Barclays, also dated 11 November 2024 which said his monthly payments from December 2024 would be about £530. Mr M called Barclays on 18 November 2024 to confirm his payments would be £530.

Barclays sent a further revised payment notice on 2 December 2024 which said Mr M's monthly payments would be about £720.

Mr M says Barclays had agreed to monthly payments of about £530. He doesn't agree that he should be asked to pay £720.

Barclays says the information given to Mr M in the first revised payment notice and the call in November 2024 (that his monthly payments would be about £530) was incorrect. It paid £200 compensation for the confusion caused. It said the information in the product switch offer and the second revised payment notice (that Mr M's monthly payments are about £720) is correct. It didn't agree to reduce Mr M's monthly payments to £530.

Our investigator said while Barclays had made errors, it had done enough to put matters right.

Mr M didn't agree and asked that an ombudsman re-consider the matter.

## **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.

This service offers an informal dispute resolution service. We aren't a regulator or a court, although we do take relevant law, regulation and good practice into account when making a decision about what's fair and reasonable in the circumstances. I'm not required to respond to each point raised by the parties. What I do have to do is explain how I reach my decision about what's fair and reasonable in the circumstances of this complaint.

Where the evidence is incomplete or inconsistent I make my decision on the balance of probabilities – that is, what I think is most likely in the circumstances. I'd add here that I've used rounded rather than exact numbers in my decision. That's our usual approach,

intended to help protect the anonymity of complainants after our decisions are published.

Barclays made errors. The revised payment notice it sent in November 2024 said Mr M's payments would continue to be £530 after December 2024. It confirmed this when it spoke to Mr M on the phone in mid-November 2024. Barclays gave Mr M the correct monthly payment amount and paid compensation for the inconvenience caused by its error. Having carefully considered what Mr M has said, I don't think it's fair and reasonable to require Barclays to reduce his monthly payments or pay further compensation. I've explained why below.

Mr M says once Barclays sent the revised payment notice on 11 November 2024 a legally binding agreement was created. He says this is what he accepted, not the offer in the product switch offer. Mr M says his monthly payments are £530 and any information to the contrary is incorrect. I can't agree with Mr M's argument, which doesn't make sense to me. Mr M has an interest only mortgage, so his contractual monthly payments only cover accrued interest. The amount of his monthly payments is simply a calculation based on the mortgage balance and the interest rate.

When Mr M applied for and accepted the new product he chose and agreed to the interest rate of 4.26%. The revised payment notice dated 11 November 2024 referred to the interest rate as 4.26%. Mr M sent a screen shot of the information he saw online which also referred to the interest rate being 4.26%. This is the interest rate that applies to Mr M's mortgage.

Mr M's monthly payment needs to be enough to cover the interest that accrues at the agreed rate. If Mr M made monthly payments of about £530 that wouldn't be the case.

Mr M says he was induced to take out the product by being misled that his monthly payments would be £530. Even if I thought Mr M wouldn't have taken out the product *but for* the incorrect information, it's very unlikely I'd find it fair and reasonable to require Barclays to do as Mr M suggests. That is, reduce Mr M's monthly payments to £530 and adjust the interest rate downwards to "fit" the payments. Even if I thought Mr M might have made a different choice, it's unlikely a 3.14% interest rate product was available to him in late 2024.

Two brokers applied for this product on Mr M's behalf. Given that it seems Mr M sought advice from two brokers who both applied for this product on his behalf, it seems unlikely there were better products available to Mr M. I think it's unlikely Mr M missed out on a better interest rate product when he took out this product – regardless of what he thought the monthly payments would be.

I'd add that I don't think the reason Mr M took out the product was because he was misled about the monthly payments. Mr M's broker had applied for the product on his behalf before he received the first revised payment notice – which was issued because he'd asked for the product fee to be added to the mortgage balance.

This is a buy to let mortgage. Letting property is a business, and this includes arranging and managing the related finance. It's reasonable for Barclays to expect Mr M to manage his mortgage accordingly.

While Barclays gave Mr M incorrect information, it also gave him correct information (that his monthly payments would be about £720). This was set out in the product switch offer issued on 11 November 2024. It's this offer that sets out the key terms of the product.

Mr M applied for and agreed to an interest rate of 4.26%. I don't think he could reasonably expect his monthly interest payments to remain the same after the interest rate increased from 3.14% to 4.26%.

Barclays sent a revised payment notice to Mr M on 2 December 2024, setting out the correct monthly payment (£720) from January 2025. I think Mr M was given the correct information in good time before the first payment of £720 was due.

Mr M says he made the necessary arrangements to meet the monthly payments of £530. He hasn't explained or provided evidence as how he acted on the incorrect information so as to make it a struggle to meet the £720 payments.

The product switch offer sets out the monthly payments (about £720). It says the monthly payments are a guide, based on an assumed start date and balance. The monthly payment in the second revised payment notice was different by a sum smaller than £1. I don't think that's unreasonable or misleading, or that it somehow shows that the monthly payments of about £720 are incorrect. It simply reflects the start date and mortgage balance when the calculation was carried out.

The mortgage payment Mr M made in December 2024 was for interest accrued during the previous month, November 2024. The 3.14% product applied until 31 November 2024. Barclays didn't make an error when it asked for a payment of about £530 in December 2024.

That's not to say that Barclays didn't make errors. It gave Mr M unclear or incorrect information in the first revised payment notice and during a call in mid-November 2024. Mr M says the incorrect monthly payment was also displayed on the Barclays app.

However, I must fairly take into account that Mr M was given correct information about his monthly payments at the outset, in the product switch offer. Barclays issued the second revised payment notice with the correct monthly payment amount in good time for Mr M to prepare for the payment in January 2025. I think the £200 compensation paid by Barclays is fair and reasonable in the circumstances, for any confusion or inconvenience its error caused.

Mr M made some points regarding what he says is the legal position – for instance that he was induced to take out the interest rate product by the incorrect information, that Barclays agreed to the lower payments and/or there's been a breach of law and/or regulation. For the reasons I've given, I think Barclays has done enough to put matters right. But if Mr M doesn't accept my decision, he will be free to raise his arguments in a court, if he chooses to do so.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 31 July 2025.

Ruth Stevenson  
**Ombudsman**