

The complaint

Mr H complains about his buy to let mortgage with Barclays Bank UK PLC. He says it was mis-sold to him and that he has been unfairly charged interest. He complains that Barclays has forced him into arrears as a result and is now forcing him to sell the property.

What happened

Mr H has an interest only buy to let mortgage with Barclays, taken out in 2007. He borrowed £180,000 over a 20 year term. He says he regards it as an investment and earns his living from the property rental. He's unable to work because of health issues.

Following increases to interest rates in recent years, the mortgage has begun to fall into arrears. Mr H says that he didn't want to increase the rent but felt he had to – as a result the tenants left and the property was vacant for a time. Mr H says that he has asked Barclays for help but the interest rate keeps increasing and he is just asked for information about his income and expenditure, which he doesn't want to share with Barclays.

Mr H makes the following complaints about his mortgage:

- It was mis-sold, because it was sold as a low interest rate product but the interest rate has increased over time – which Barclays knew would happen.
- The high interest rate has forced him into financial difficulty and is forcing him to sell the property before the end of the term – meaning he will lose out on future rental income – and for less than it is worth. He is also being forced towards bankruptcy.
- Barclays has shared information about him and the conduct of his mortgage with third parties using the credit reference system.
- Barclays sent a field agent to visit the property.
- The effect of how Barclays has treated him is that he is unable to move his mortgage elsewhere and is trapped with Barclays.
- He is unable to monitor his account online or through the Barclays app.
- Barclays has offered him no support and only wants to profiteer from him and customers like him.
- Barclays has not handled his complaints properly – for example by not returning calls, not answering his calls and confusing the basis of his complaint.

Barclays said that it didn't give Mr H any advice when it sold the mortgage, so it was up to him to decide whether or not it was appropriate for him. The mortgage offer set out the applicable interest rate and that it could vary – up and down – over time. It said that Mr H hadn't been making his contractual monthly payment in full and was in arrears. It was obliged to share information about that with credit reference agencies, but it only shared

factual information about the conduct of the mortgage.

Barclays said it was not forcing Mr H to sell his property or into bankruptcy, it was simply expecting him to pay what he is supposed to pay, and it had tried to offer support and assistance. It said that because this was an older mortgage it wasn't compatible with its app or online banking – but it had provided regular statements and other information by post and Mr H could call and request further information at any time. Barclays said it had dealt with his complaint within the timescales required by the regulator, but it accepted it hadn't returned a call as promised. It apologised and offered £25 compensation for that.

Barclays said that it was still willing to work with Mr H to try and find a way forward. Mr H would need to contact its customer assistance team and go through his income and expenditure so it could help him. It was aware of his medical and other issues and would take that into account – but without knowing more about his circumstances it wouldn't be able to assist and would need to take recovery action.

Our investigator didn't think the complaint should be upheld, so Mr H asked for it to be reviewed by an ombudsman.

My provisional decision

I issued a provisional decision setting out my thoughts on the complaint. I said:

“I'll start by considering whether the mortgage was mis-sold, and in particular whether that caused lasting unfairness in the relationship between Mr H and Barclays by virtue of the interest rate charged.

The mortgage offer says that the interest rate was 6.59% fixed until October 2009. After that interest would be charged at 0.95% above the Barclays Bank Base Rate (BBBR). At the time the mortgage was taken out, the BBBR was 5.75% – meaning the variable rate would be 6.70%. Although it's a separate rate maintained by Barclays, in practice the BBBR has been set at the same level as the Bank of England base rate (BoEBR) throughout. So when the BoEBR varies, the BBBR varies by the same amount at the same time.

I'm not persuaded the mortgage was mis-sold or that the interest rate charged has been unfair. Throughout the period since the end of the fixed rate, interest has been charged at the rate of 0.95% above BBBR – as the mortgage offer said would be the case. By the time the fixed rate came to an end in October 2009, the BBBR was 0.5% and so the mortgage interest rate was 1.45% – much less than the 6.70% (5.75% plus 0.95%) set out in the mortgage offer in 2007. Even since interest rates increased from 2022, the mortgage interest rate has never gone as high as the 6.70% set out in the offer – or as high as the 6.59% fixed rate that ended in October 2009.

I've not seen any evidence that Barclays sold this as a low interest rate mortgage only to increase the interest rate later. And in any case, that simply isn't true – the highest interest rate charged over the life of the mortgage was the fixed rate between 2007 and 2009, and for the whole period between 2009 and 2022 it was less than 2%. It's only since interest rates have risen more recently that the mortgage interest rate has also risen.

Mr H says that the Bank of England base rate doesn't reflect economic conditions, but is set in collusion with the banks to allow profiteering at customers' expense. That's not my understanding, but in any case I have no jurisdiction over decisions by

the Bank of England. I'm satisfied that when it sold the mortgage Barclays made clear how the interest rate would work over time, that it has in fact worked that way, and that the interest rate charged over time is not in breach of contract or unfair in some other way. It follows that I don't think there's anything about either the sale of the mortgage or how Barclays has charged interest since then which means the relationship between it and Mr H is unfair.

When the Bank of England increased base rate from 2022 onwards, that meant that the BBR – and so the interest rate charged on Mr H's mortgage – also increased. Mr H missed a couple of payments in late 2022, though was able to make them up. He spoke to Barclays at the time and said he hadn't realised the payments had increased.

But from mid-2023 payments were missed more regularly and by the start of 2024, the mortgage was five months in arrears. Although Mr H was not missing payments altogether, he generally paid around £250 per month – by early 2024 the monthly payment due was around £960.

Mr H is unable to work and his main income is from the property's rent. When interest rates increased, it's clear that caused him difficulties with maintaining the monthly payments. I'm sorry to hear of the difficulties he's had. I don't think Barclays acted unfairly in increasing the interest rate – it remained throughout at the contractual rate of 0.95% above BBR – or in setting the monthly payments at the higher level that resulted.

When it was clear that Mr H was in difficulties, Barclays should have showed appropriate forbearance and try to work with Mr H to see if there's a way to get things back on track. I'm satisfied it did that. It sent a field agent out to visit the property – that was not to intimidate or harass Mr H or his tenants, but to check that there were tenants in place and the condition of the property. That was a reasonable enquiry for Barclays to make.

This isn't a regulated mortgage, and Barclays isn't required to show the same degree of forbearance that would be needed if this was Mr H's home. But it should still try and understand his situation and plans, what he can afford to pay, and whether there's any prospect of him repaying the arrears and getting things back on track – including allowing him a reasonable time to do that if possible. To that end it wanted to understand Mr H's financial position, in particular his income and expenditure. Again, this was reasonable. Mr H wasn't prepared to discuss that with Barclays – he's entitled to refuse, but that does mean that there's a limit on what Barclays can do to assist. Without knowing more about his situation, it's difficult for Barclays to know what would help and what would make no difference. In fact, this is set out in the mortgage offer – special condition 15 says "You (the borrower) will provide promptly on request all such information regarding your financial position as the Company may from time to time reasonably require."

When the mortgage went into arrears, Barclays reported that to the credit reference agencies. This was not unfair. It's standard practice. Barclays is required to report information about the conduct of its lending to the credit reference agencies, and it's not unfair that it reported information about this mortgage. I appreciate Mr H doesn't agree with the credit reference reporting system, but I am not the regulator and have no oversight over the system. Within the system as it is, Mr H was not treated unfairly.

I'm also not persuaded that Barclays has sought to force Mr H into bankruptcy, or

into selling his property. It was willing to consider what support it could offer. If the mortgage remains unaffordable for Mr H into the future, selling the property may be something he needs to consider. But that would be because, in his circumstances, the mortgage is no longer affordable for him even though it is operating as it should. I appreciate that the property rent is Mr H's main income. But he is running a property rental business; it's always a risk of any business that expenses increase more than income meaning the business is no longer profitable.

Because this mortgage was taken out in 2007, it's on a historic IT system which isn't compatible with Barclays' online banking or app. That means Mr H isn't able to view or manage the mortgage online. I'm sure that's frustrating for him. But I don't think Barclays has treated him unfairly – he is able to manage the mortgage, and obtain information about it, in other ways. I understand Barclays is in the process of migrating accounts from old to new systems, so it might become possible for the account to be managed online in the future.

Finally, Barclays offered Mr H £25 compensation for not calling him back when he complained. I think that's fair. It responded to his complaint within the required timescales. I appreciate Mr H doesn't agree with the outcome Barclays reached. But sometimes, unfortunately, that's inevitable when a customer is unhappy enough to make a complaint. That's what the Financial Ombudsman Service is for – Mr H was able to bring his complaint to us to obtain an independent view of it. I accept Mr H is unlikely to be happy with my decision either. But I'm not persuaded that his situation, difficult as it undoubtedly is, is the result of unfair treatment by Barclays."

In response, Mr H said he didn't agree with my provisional decision but said he had no further comments to add to what he had already said.

Barclays did accept my provisional decision. It said that the migration of Mr H's mortgage to its new computer system had now been completed, so Mr H should be able to manage the mortgage online or on the app in future.

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've also considered again what I said in my provisional decision. But as neither party had any further comments to make, I haven't changed my mind. I'm sorry Mr H didn't agree with my provisional decision, but for all the reasons I gave I'm satisfied it's a fair outcome to this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 August 2025.

Simon Pugh
Ombudsman