

The complaint

Mr C complains that delays caused by Barclays Bank UK PLC in relation to a deed of postponement, caused him to lose out financially, and experience unnecessary stress and worry.

What happened

Mr C held a residential mortgage with Barclays. Mr C also had some bridging finance secured against the property (provided by a company I'll call 'Z'), that was originally due to run to January 2024.

Solicitors acting on Mr C's behalf first contacted Barclays in February 2024 asking it to provide consent for finance to replace the finance with Z. However, the replacement finance (provided by a company I'll call 'N') didn't come into effect until August 2024.

Mr C complained to Barclays that it was responsible for significant delays and that he'd lost out as a result. Barclays upheld the complaint and offered Mr C £500 to apologise for the stress it had caused Mr C, in terms of the delays it considered it was responsible for. It also said that, if Mr C could provide evidence about the financial loss he said he'd incurred, it would consider this.

After Mr C provided further information, Barclays offered Mr C £1,520.05 in addition to the £500 compensation. This was the difference in the interest Mr C was paying on the finance with Z, compared to the interest he would've been paying with N, if that had started earlier. Barclays said it had caused a delay between 26 April 2024 and 3 June 2024.

Mr C didn't think that was enough and referred his concerns to the Financial Ombudsman Service. An Investigator here issued an assessment of the case. In summary, they said they thought Barclays had been responsible for a longer delay – between 4 April 2024 and 15 July 2024. And that Barclays should refund the difference in interest paid over that time period, plus pay Mr C the amount he'd paid for a valuation fee, that would've been refunded if the finance with N had started earlier.

Barclays accepted this outcome, but Mr C did not. In summary, Mr C said that he'd been paying nearly £10,000 per month because of Barclays' delays, that he wouldn't otherwise have had to pay – and that if Barclays hadn't delayed matters, he would've been able to use that money to pay down his outstanding borrowing, which in turn would've saved a considerable amount of interest going forwards.

The Investigator still thought that Mr C's loss was the difference in interest, not the amounts he'd been paying each month, so the case was passed to me to decide.

I shared some provisional thoughts with both parties, as follows:

“When the Investigator reached their outcome, they explained what they thought the delay attributable to Barclays was (4 April 2024 to 15 July 2024), and why – by reference to a timeline of events. Neither party has disputed this (the dispute is about the extent of financial

loss attributable to Barclays – which I'll come onto later). Having reviewed what the Investigator said, I agree it's a reasonable analysis of what the timeline would likely have been, if things had gone as they should, in terms of Barclays' handling of matters.

Barclays has agreed to pay the difference in interest covering the relevant period i.e. the difference between what Mr C was charged in interest on the existing Z bridging loan finance £707,000 (1.35% monthly - £9,545), versus what it says he would've been charged in interest on that same amount, had the replacement N finance started sooner (it says this would have been 1.2066% monthly). Barclays also agreed to pay a valuation fee that would've been refunded to Mr C, if the replacement finance had started sooner (£2,400), and £500 in compensation for the distress and inconvenience caused to him by the delay.

Mr C says the amount offered isn't a fair reflection of his loss. He says his loss is the £9,545 a month he needed to pay whilst the Z finance was outstanding and that, without the delay caused by Barclays, he could've put that money towards repaying the capital of what he owed, which would also have saved further interest.

I think I understand why Mr C believes his loss is the amount of interest he was paying during the relevant period. He was needing to physically pay those interest amounts, whereas with the N Finance, he wasn't needing to physically pay the interest amounts – the interest was 'rolled up' within the loan (such that although the finance he was clearing with Z was £707,000, he was actually borrowing significantly more - £847,000 with the interest rolled up – to repay this). It looks like this is how the Z loan worked during the original loan term as well – Mr C didn't need to actually make payments during the original term of that loan either – the interest was part of the amount borrowed, but when the original loan term expired (January 2024), he needed to make the £9,545 monthly interest payments until the N loan began.

Whilst I can understand where Mr C is coming from, I don't agree that the £9,545 interest payments he was needing to make, represents a loss that Barclays is liable for. The reason I think this, is that, if the N loan had started earlier, the interest being charged on that loan would've started earlier as well. I appreciate that Mr C was needing to actually make the interest payments on the outstanding Z loan, and not on the N replacement finance, but when thinking about the extent of financial loss, it's the overarching position in terms of the interest charged that matters.

If the N loan had started earlier, the interest on that loan would've started being charged earlier. To put it another way, interest would always have been charged regardless of which loan was in effect, it's just the manner in which it would be charged (actual monthly payments or rolled up interest) that would differ. Therefore, the loss is the difference in the interest charged during the relevant period.

Putting things right

Given the above, the loss I believe Barclays is liable for, is the difference between the interest Mr C was being charged on the Z loan (1.35% per month), and the interest he would've been charged on the N loan, in the period 4 April 2024 and 15 July 2024.

Barclays used 1.2066% monthly as the amount Mr C would've paid on the N loan during the relevant period. However, it looks like Barclays has derived that figure using the interest rate that applied to the N loan when it began in August 2024. However, this should be the interest rate that would've applied, if the N loan had started earlier. On my reading of the information provided about the N loan, the 'BBR' during the relevant period, was 4.25%. It looks like the interest charged on the N loan is calculated by dividing the BBR by 12 and adding 0.79%. By my calculation, this is $(4.25/12) + 0.79 = 1.1442\%$, so the difference in interest is bigger than

Barclays has calculated. Barclays should therefore carry out the calculation using this figure instead.

Barclays should also add 8% simple interest to the £2,400 valuation fee refund that Mr C would've received, since he's been deprived of those funds. Barclays has suggested the 8% apply from 31 July 2024. I can't say for sure when Mr C would've received the valuation fee back if things had gone as they should, but I think Barclays' suggestion here is reasonable enough.

I've also thought about what represents a fair amount of compensation for the distress and inconvenience caused by the delay attributable to Barclays. Mr C points out that Barclays offered £500 when it considered the delay to be significantly less than what the Investigator determined. I'm persuaded from what Mr C has said, that the time between the original term of the Z loan ending, and the N finance eventually coming into place, was a worrying and frustrating one. Not least because Mr C was needing to make the £9,545 monthly payments that it seems from what he's said, was not straightforward. And, he wouldn't have needed to find those funds, once the N loan was in place.

But also because until the N Finance was in place, Mr C was generally worried about the implications for him keeping his house. Barclays isn't responsible for that whole period of time, but it is responsible for a significant part of it. Under our guidelines, a compensation payment of £750 is at the top of the award banding where the impact of a mistake has caused considerable distress, upset and worry – that's needed to a lot of effort to sort out and where the impact lasts over many weeks or months. I'm satisfied this reflects the circumstances of this case, and the impact on Mr C.

In conclusion

Given what I've said above, I'm currently minded to say that Barclays needs to do the following to put things right:

- Calculate and pay the difference for the period 4 April 2024 to 15 July 2024 in interest charged to Mr C on the Z loan (1.35% per month), compared to what would've been charged on the N loan (1.1442% per month), had it started earlier.*
- Pay £2,400 plus 8% simple per annum compensatory interest from 31 July 2024 to the date of payment.*
- Pay £750 in compensation for the distress and inconvenience caused to Mr C."*

I asked both parties to let me know whether they agreed, by 11 December 2024. Mr C didn't agree. In summary, he said he still didn't think he'd received an explanation as to why his loss wasn't the whole of the monthly interest payments he was making, for the period of the delay caused by Barclays.

Barclays agreed to the findings, and set out its calculation of loss, as follows:

“£9,544.50 (what Mr C did pay with Z)

£8,089.494 rounded up to £8,089.50 (what Mr C would have paid with N)

£9,544.50 – £8,089.50 = £1,455.00 x 12 = £17,460.00

£17,460.00 / 365 = £47.84 (rounded up) per day

£47.84 x 103 = £4,927.52

£4,927.52 - £1,520.05 (already paid) = £3,407.47

Breakdown of payment:

£3,407.47 for difference in interest charged on bridging loan for 103 days

£2,400.00 arrangement fee

£260.91 for 8% interest on £2,400.00 (subject to change by settlement date)

£250.00 inconvenience payment (£500.00 already paid on 06 June 2024).”

Having considered both responses, I’m now in a position to issue my final decision.

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 conclusion as set out in my provisional findings (which form part of this Final Decision).

I appreciate that Mr C says he still hasn’t received an explanation as to why his loss isn’t the whole of the monthly interest payments he was making to Z, for the period of the delay caused by Barclays. However, I’m satisfied I’ve set out the reasoning within my provisional findings.

I still find that if the finance with Z had ended sooner, the finance with N would’ve started sooner. As such, interest would always have been charged regardless of which loan was in effect, it’s just the manner in which it would be charged (actual monthly payments or rolled up interest) that would differ. Therefore, the loss is the difference in the interest charged on the amount of the finance with Z, during the relevant period.

I still consider that the period 4 April to 15 July 2024 is a reasonable assessment of the delay caused by Barclays, given the timeline of events. And that, but for these delays, Mr C:

- Would’ve been charged less interest on the £707,000 that he owed with Z;
- Would’ve received a refund of the relevant valuation fee; and
- Wouldn’t have experienced the distress and inconvenience that he did, caused by the delay.

Putting things right

Having reviewed Barclays' calculations, I'm satisfied they're an accurate reflection of the loss caused to Mr C. With this in mind, Barclays Bank UK PLC must pay Mr C the following:

- £4,927.52, representing the difference in interest charged to Mr C in the relevant period (note – Barclays can deduct anything it has already paid to Mr C for the difference in interest – it says this is £1,520.05, which would leave £3,407.47 to pay).
- £2,400, being the valuation fee that would've been refunded to Mr C, but for the delays caused by Barclays. Plus 8% simple interest per annum, from 31 July 2024 to the date of settlement.
- A total of £750 in compensation for the distress and inconvenience caused (Barclays can deduct anything it has already paid of this – it says this is £500, which would mean it needs to pay a further £250).

* Barclays Bank UK PLC may deduct income tax from the 8% interest element of my award, if applicable, but should give Mr C the necessary paperwork, if he asks for it, so he can reclaim the tax from HMRC if he's entitled to do so.

My final decision

My final decision is that I uphold Mr C's complaint against Barclays Bank UK PLC, and direct it to do what I've set out under 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 7 January 2026.

Ben Brewer
Ombudsman