

The complaint

Mr and Mrs D complain that Barclays Bank UK PLC made mistakes after they arranged a new fixed interest rate on their buy-to-let mortgage and that it hasn't done enough to put things right.

What happened

Mr and Mrs D have an interest-only buy-to-let mortgage with Barclays. The mortgage was on a fixed interest rate of 2.43% which ended on 31 July 2024.

In July 2024, before their existing fixed rate was due to end, Mr and Mrs D arranged a new fixed rate product with Barclays through a broker. They chose a two-year fixed rate of 4.95%, with monthly interest-only payments of just over £1,700 during the fixed rate period.

Mr and Mrs D understood that the new rate had been put in place in August 2024 but unfortunately, because of an administrative error on Barclays' part, it had not. On 1 August 2024 the interest rate on their mortgage changed to a variable rate, which at the time was more than 9%.

Barclays began collecting mortgage payments of just over £3,200 a month instead of around £1,700. In November 2024 Mr and Mrs D received a letter from Barclays about the variable interest rate they were paying. They realised that their mortgage wasn't on the fixed rate they thought they had taken and tried to find out what had gone wrong.

Barclays identified that the new rate hadn't been implemented and agreed to put it in place and backdate it. It initially applied the wrong fixed rate, but subsequently applied the correct rate of 4.95%, backdated to 1 August 2024. In December 2024 it refunded just over £9,000 to Mr and Mrs D's bank account, which it calculated was the interest Mr and Mrs D had overpaid.

But Barclays then claimed another wrong amount from Mr and Mrs D by direct debit, and it sent them an arrears letter in January 2025 saying they needed to pay £2,519.47. Mr and Mrs D paid that in order to avoid arrears being reported to their credit files. They also made a complaint about how Barclays had treated them. They said they had been affected financially and caused considerable stress and upset.

Barclays said it was sorry for what had gone wrong, it had put right Mr and Mrs D's financial loss, their credit files hadn't been adversely affected, and it offered them £600 for the impact of this matter on them.

Mr and Mrs D referred their complaint to us. Our Investigator found that Barclays had refunded more than it should have in December 2024, so Mr and Mrs D weren't due any further refunds and the £2,519.47 they paid Barclays in January 2025 was interest that they owed. He concluded that Barclays had put right the financial loss Mr and Mrs D had incurred as a result of what happened and its offer of £600 for non-financial loss was fair in the circumstances.

Mr and Mrs D didn't accept that and asked for an Ombudsman's review. They didn't think £600 was enough given everything that went wrong.

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.

There's no dispute that Barclays made a series of mistakes with Mr and Mrs D's mortgage – it failed to put in place the new interest rate product Mr and Mrs D had chosen, it failed to put this right at the first attempt, it claimed wrong amounts by direct debit, and it refunded too much in December 2024. As a result Mr and Mrs D paid more interest on their mortgage than they should have for several months, they received an arrears letter when they should not have done and they had to pay just over £2,500 which they weren't expecting in January 2025.

Barclays has made multiple adjustments to Mr and Mrs D's mortgage account to correct its mistakes. Our Investigator set out the details of those adjustments and Mr and Mrs D's payments in his assessment of this complaint. He explained why the figures led him to conclude that Barclays had corrected the overcharged interest and Mr and Mrs D owed the £2,519.47 payment they made in January 2025, so Barclays was right not to refund that as well.

I've considered the records Barclays has provided very carefully, and having done so I agree with the Investigator that Barclays has put right the financial loss Mr and Mrs D were caused as a result of its mistakes. There are therefore no further refunds I can reasonably require it to make. Barclays has also provided records of what it has reported to Mr and Mrs D's credit files about the mortgage which show that no arrears were reported.

The only remaining matter for me to decide is whether Barclays' offer of £600 for non-financial loss goes far enough. I realise that Mr and Mrs D don't think it does, given the number of mistakes Barclays made and the upset and inconvenience they were caused. We publish our approach to this type of compensation on our website¹, and I've kept this in mind when considering this complaint. Having done so I think £600 is fair and reasonable in recognition of the considerable distress Mr and Mrs D were caused and the impact this matter had on them for several months. So, while I know this isn't the outcome Mr and Mrs D hoped for, I don't require Barclays to increase its offer.

My final decision

My final decision is that Barclays Bank UK PLC has made a fair offer to settle this complaint. It should pay Mr and Mrs D £600 compensation if it hasn't already done so and if Mr and Mrs D accept this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs D to accept or reject my decision before 6 November 2025.

Janet Millington
Ombudsman

¹ <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>