

The complaint

Ms S complains that Barclays Bank UK PLC did not switch the interest rate on all the parts of her buy-to-let mortgage.

What happened

Ms S has a buy-to-let mortgage with Barclays that has three parts.

Ms S asked Barclays to switch part two of the mortgage to a two year fixed rate of 6.25% with no fee. That was completed correctly. She also asked for part one and part three to be switched to a five year fixed rate of 5.3% from 1 December 2023, with a fee of £1,795. But it was only applied to part three of the mortgage.

Barclays accepted it had made a mistake. It said the new rate should have been applied to both part one and part three. It agreed to backdate the 5.3% rate on part one to 1 December 2023 or to backdate a different rate, 5.09% fixed for five years, to 29 December 2023. It also offered £350 by way of an apology and for any inconvenience caused.

Ms S complains that Barclays has not applied the fixed rate she chose to all parts of the mortgage.

The investigator though Barclays's offer was a fair way to put things right. Ms S did not accept what the investigator said.

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.

It does not appear to be in dispute that Ms S requested that part one and part three should be switched to a five year fixed rate of 5.3%

Barclays made a mistake. It did not apply the new rate to part one of the mortgage. It has offered to backdate the interest rate on part one to 5.3% from 1 December 2023. I consider that is a fair offer. That is what I would require Barclays to do if I were to award compensation. It puts Ms S in the position she would have been in had Barclays treated her fairly. She will not need to pay any fees or early repayment charges (ERC) if she chooses this option.

I think the additional offer has unnecessarily added confusion to the resolution of this matter. The 5.09% rate would never have been available to Ms S had Barclays not made a mistake in the first place.

Barclays has offered to backdate the 5.09% rate on part one to 29 December 2023. But it said that Ms S would need to pay an additional product fee for that. Ms S would only have to pay one fee if she took one product across all parts of the mortgage. But if she chose a different product for each part, and those products had fees, then she would always have

had to pay a product fee for each part of the mortgage. So I think it is fair for Barclays to apply a product fee if Ms S chooses to go ahead with the 5.09% rate on one part of her mortgage.

I agree that Barclays final response of March 2024 was not clear that a product fee would be applied if Ms S chose the 5.09% rate. But Barclays clarified that a fee would be payable in its later final response. I've explained why I think it would be fair for Barclays to apply a product fee in those circumstances. It should not apply an ERC if Ms S opts to switch part one (not any of the other parts) to the 5.09% rate. The tie-in period would apply from 29 December 2023.

The evidence we have supports that Ms S chose a two year fixed rate of 6.25% for part two of the mortgage. There is no persuasive evidence to show that Ms S chose a different rate or that Barclays has made a mistake in respect of the interest rate applied to part two. So it was fair for Barclays to apply that rate to part two of the mortgage.

Ms S wants Barclays to offer a cheaper interest rate that was available after parts two and three were switched to be applied to all parts of the mortgage – but without an ERC being applied to parts two and three. But there is no basis for me to say that Barclays should make such an offer. I've already found that Barclays has applied the correct rates to part two and part three. It is entitled to operate those parts of the mortgage in line with the conditions that Ms S agreed and accepted. That included applying an ERC if Ms S switches to a new rate within the tie in period.

I note the email that Ms S received from Barclays in February 2024. But I don't consider that was a formal offer to switch rates or that Barclays could fairly be required to honour what was discussed.

I can see that Barclays told Ms S to cancel her direct debit payment in January 2024 and make a manual payment instead. But Ms S has not reinstated her direct debit and she has not made manual payments. That meant the mortgage has fallen into arrears. I don't consider that was due to any error by Barclays. Ultimately, Ms S has a contractual obligation to make the payments that are due to her mortgage. Any ongoing dispute would not override that obligation.

The evidence I have supports that Barclays applied the £4,800 overpayments to the mortgage as a partial pay off. I can't see that it has made any error in the way it applied the payment or in how it has calculated the mortgage balance.

Barclays has offered to pay Ms S £350 for any distress and inconvenience this matter has caused to her. Our guidelines say that an award over £300 might be fair where the impact of a business's mistake has caused considerable distress, upset and worry and/or significant inconvenience that needs a lot of extra effort to sort out, where the impact lasts over many weeks or months.

In this case I can see Barclays made a number of mistakes in arranging the mortgage that caused Ms S avoidable distress and inconvenience over several months. But its final response of March 2024 offered a fair way to put things right. In all the circumstances, I consider its offer of £350 – in addition to the offer to backdate interest – is a fair way to put things right.

My final decision

My final decision is that Barclays Bank UK PLC should honour its offer to:

- Backdate a five year fixed rate product of 5.3% to part one of the mortgage from 1 December 2023 and to re-work the mortgage according – or if Ms S pays the applicable product fee, backdate the five year fixed rate product of 5.09% from 29 December 2023 and re-work the mortgage accordingly.
- Pay Ms S £350.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 10 November 2025.

Ken Rose
Ombudsman