

## The complaint

Mr and Miss M complain that Barclays Bank UK PLC incorrectly promised them the interest rate applying to their buy-to-let mortgage would not increase at the end of the mortgage term. And that Barclays applied a punitive rate, causing their payments to substantially increase while Barclays processed their remortgage application.

## What happened

From the evidence available it appears that Miss M first took a buy-to-let mortgage with Barclays in 2014, with Mr M (her father) as guarantor. The mortgage was for approximately £300,000, on an interest only basis, with a term of 10 years.

Miss M took a new product with Barclays, starting on 3 July 2021. That was for a rate of 1.84%, fixed until 2 September 2024. A letter sent to Miss M confirms that, at the end of the fixed rate, the interest rate applicable would be 4.49% above the Bank of England base rate – albeit that the evidence available indicates the mortgage was due to end (and become repayable) at the end of the fixed rate period.

Mr M discussed the matter of the end of the mortgage, what that meant for the contractual monthly payment (CMP), and what Barclays was prepared to offer as a ‘grace period’ while a remortgage was being arranged, in a telephone conversation on 27 June 2024.

Mr and Miss M decided to remortgage with Barclays, securing a mortgage offer on 26 November 2024 – this time in joint names. I understand their mortgage completed sometime after that date. Before that, on 3 October 2024, as a result of the changed interest rate applying to Miss M’s mortgage, the CMP increased to £2,398.27. A similar CMP was applicable until the mortgage account was redeemed on 3 February 2025.

Mr and Miss M complained to Barclays saying they were misinformed and that the mortgage interest rate applied was unfair. In its final response letter dated 4 March 2025, Barclays said it found no evidence of an error on its part. It said it informed Miss M of the change to her mortgage rate in a letter dated 4 September 2024.

Dissatisfied with Barclays’ response, Mr and Miss M asked us to consider their complaint. Our investigator didn’t uphold their complaint. He said, based on call recordings provided by Barclays and its call notes, he didn’t think Barclays had misinformed Mr and Miss M. He said he hadn’t seen anything to suggest Barclays told Mr and Miss M their rate would be honoured after it expired.

Mr and Miss M didn’t agree. They say they were promised they wouldn’t be “*hit with a punitive rate.*” They say the rate feels particularly unfair as despite the mortgage being on a buy-to-let basis, this is Miss M’s only property – the mortgage serves the purpose of getting on the housing ladder, rather than making a profit.

As Mr and Miss M didn’t agree with our investigator, their complaint has been passed to me for a 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.

To decide Mr and Miss M's complaint, I've thought about whether Barclays incorrectly told them their fixed interest rate of 1.84% would be extended beyond its end date. And I've thought about whether the rate they were charged after their 1.84% fixed interest rate ended was reasonable in all the circumstances.

Before I go on to outline my thoughts on those points, it's important that I point out an issue I'll not consider as part of this decision. In addition to the complaint points I will consider, Mr and Miss M have also said they think Barclays took too long to process their remortgage application – thereby keeping them on the higher interest rate for an unfairly extended time. That is not a matter Barclays addressed in its final response letter of 4 March 2024. And it's not a matter we've investigated or given an opinion on. Should Mr and Miss M confirm that is a complaint point they want addressing, we'll set up a new complaint and ask Barclays to respond before we proceed to investigate.

So, I'd like to take this opportunity to apologise to Mr and Miss M, that a delay will be caused to us giving them an answer on a complaint point they're concerned about. However, we are required to allow respondent businesses time to give their responses to complaint points before we give an opinion or a decision.

When considering complaints such as this, I need to 'weigh-up' the available evidence. The evidence in this case does not paint a complete picture of what's happened. So, my decision is based on what I think is most likely, based on the evidence we have. Mr and Miss M's testimony is evidence. But the weight I place upon it to reach an outcome depends on whether recorded evidence (documents, notes or conversation recordings) supports or contradicts their recollections of what they were told.

An unusual point to note in this case is that the mortgage term was scheduled to come to an end – on 3 July 2024 – before the fixed interest rate deal – on 2 September 2024, according to the new rate confirmation letter sent to Mr and Miss M on 29 July 2021. So, I have also thought about the issues complained about in the context of that point. Specifically, did it cause confusion and did Barclays act reasonably in relation to any potential unfairness caused by the difference in those dates.

As I've said, Mr M has told us he was promised by Barclays that they would "*not be hit by a punitive rate.*" He said he does not recall the exact date of the call or calls.

I've listened to the available call recordings from conversations between Mr M and Barclays in the lead up to the mortgage coming to an end. I heard from those calls that Mr M and Barclays discussed a "*grace period.*" I understand how there could have been some confusion about what that referred to in the circumstances. That's because there was more than one issue to be resolved. Aside from the issue central to Mr and Miss M's complaint – the end of the fixed rate – there was also the issue of the mortgage ending. That could have led to Mr and Miss M being required to fully redeem the mortgage in the event that they were unable to secure a remortgage.

Mr M demonstrated that he understood the potential issue of redemption during a call on 27 June 2024. During that call, Barclays told him they'd need to remortgage – with Barclays or another lender – rather than extend the existing term. He asked what would happen if it took them a month or two to arrange a remortgage – "*you're not going to throw us out?*" Barclays responded saying it gives some grace if you have plans to remortgage. From what

I've seen, that appears to be the introduction of the concept of a "*grace period*." And it's clear to me that concept related to a time that Barclays would allow before taking any action to recover the outstanding debt at the end of the mortgage term. It wasn't said in relation to any conversation about the interest rate applicable to the mortgage.

In any event, Mr M asked Barclays at that time "*how much grace?*" would it allow. That particular representative didn't know the answer to that question and so put Mr M through to a more appropriate department.

During the conversation that followed, Mr M was told that Barclays tends to give up to 12 months for a borrower to complete a remortgage or redeem their mortgage. He was then told that the interest rate applied to the mortgage would change after September [2024]. Barclays said that may be up to eight or nine times the amount Mr and Miss M were currently paying. I think the emphasis did change during that conversation from the 'grace period' for remortgaging/redeeming, to the time allowed before the rate would change. Again, I think Mr M demonstrated his understanding when he asked:

*"If we can have two months until the rate expires on 3 September, then if the rate has to go up by eight or nine times, that's our problem not yours."*

As events transpired, Mr and Miss M were given until September 2024 before the new rate applied. Their account transaction history shows that their mortgage CMP did not change until 3 October 2024.

I've listened to subsequent call recordings – one with Mr M and another with Miss M after the CMP changed. In none of those calls did I hear anything said by Barclays that would contradict Mr M's understanding of the situation as demonstrated during the conversations of 27 June 2024. Nor did I hear anything that would suggest to me that either his or Miss M's understanding was any different to that. So, I don't conclude that Barclays incorrectly told them their fixed interest rate of 1.84% would be extended beyond its end date.

I also think that, despite the potential for confusion around the two conflicting 'end dates' Barclays acted reasonably in allowing the fixed rate to run to September 2024, rather than ending it in July 2024 when the mortgage term came to an end.

I have thought about Mr and Miss M's concern that the interest rate they paid was "*punitive*." I understand that they may think that is the case, given that it was so much higher than the rate they had grown accustomed to. However, in the letter they were sent confirming the terms of their mortgage rate deal agreed in 2021, the interest rate applicable following the fixed rate's end was confirmed. The letter said:

*"Interest Rate: 1.84% fixed until 02/09/2024 followed by the tracker rate with interest charged at 4.49% above the Bank of England Base Rate."*

So, while I do have some sympathy, given how much their CMP increased by in October 2024, it's pertinent to remember that this was a buy-to-let mortgage – so not expected to be as 'competitive' as a residential mortgage. And the Bank of England base rate had increased substantially during the time that had elapsed between the start and end dates of their fixed rate. I also think the wording in the confirmation letter was clear about both the date of the expiry of the rate and the subsequent rate applicable – thereby allowing Mr and Miss M to prepare for the change. So, I don't agree that the change in rate was 'punitive.' Instead, I think it merely followed the terms of the interest rate product deal they agreed to.

Overall, I don't uphold Mr and Miss M's complaints that Barclays incorrectly told them their

fixed interest rate of 1.84% would be extended beyond its end date or that the subsequent rate was punitive. However, I've not considered here whether Barclays processed their application for a remortgage in a reasonable time. Mr and Miss M should confirm to our investigator if they want that matter considered by Barclays now.

**My final decision**

My final decision is I don't uphold Mr and Miss M's complaint about Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Miss M to accept or reject my decision before 12 January 2026.

Gavin Cook  
**Ombudsman**