

The complaint

Mr and Mrs W complain that Barclays Bank UK PLC incorrectly led them to believe they had arranged a fixed rate offset mortgage, when in fact, the mortgage did not have an offset facility.

What happened

Mr and Mrs W had an existing offset mortgage with Barclays. In November 2022, they received mortgage advice from a third-party broker. Before choosing a new interest rate product their broker spoke to Barclays. They said they wanted to choose a fixed rate product with an offset facility. Barclays said the product chosen would need to be in the “OPFM product family”. The broker chose a fixed rate in the OPFM range.

In 2023 it came to light that Mr and Mrs W’s mortgage did not have an offset facility – it was a standard fixed rate mortgage.

Mr and Mrs W complain that Barclays mis-sold the mortgage. They want it to give them the fixed rate offset mortgage they believed they had.

The investigator thought that Barclays should re-work Mr and Mrs W’s mortgage as if it was an offset mortgage.

Barclays accepted what the investigator said. Mr and Mrs W did not. They said they would not have taken the mortgage at all if they’d been given the correct information. They set out a number of reasons for that, including

- They had enough money to repay the mortgage in full.
- They had access to funds from another offset mortgage at a lower interest rate, that gave them access to the funds they might need if their circumstances changed.
- The main reason they wanted the fixed rate was to protect them for rising interest rates. Their plan was to move the funds they had offset with Barclays on the lower fixed rate to the other offset mortgage that had a variable rate. Proceeding with another variable rate offset would not have met their objectives.

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.

Barclays has not treated Mr and Mrs W fairly. Their broker was given incorrect information that led them to believe that Mr and Mrs W could have a fixed interest rate and an offset facility. I am satisfied that was incorrect. Barclays has given us evidence that it did not offer any offset mortgages with fixed rates at the time in question.

In these circumstances, I would not tell Barclays to honour the incorrect information – just as

I would not if the information was not in Mr and Mrs W's favour. The correct and fair way to resolve things is to put Mr and Mrs W in the position they would have been in had they been given the correct information in the first place.

I thank Mr and Mrs W for their helpful and detailed submissions. I accept that they had several different options available to them along with a number of objectives. But I need to decide on balance what they most likely would have done had they been given the correct information. As I see it their choices were:

- Take a fixed rate mortgage without an offset facility with Barclays.
- Take a variable rate mortgage with an offset facility with Barclays.
- Explore the rest of the market.
- Not take a mortgage at all.

The mortgage suitability report prepared by the broker said that Mr and Mrs W's objectives were. I consider that is evidence of what their needs and preferences were at the time in question:

- They required a mortgage of £311,895.
- They currently offset the whole mortgage balance with savings.
- It was important for them to have protection against rising interest rate.

Based on their stated objectives I consider it is less likely they would not have taken a mortgage. The suitability report does not reflect that not taking a mortgage at all was something they wanted at that time.

It is clear Mr and Mrs W wanted both an offset mortgage and a fixed rate. As I have said Barclays did not offer such a product. So the choice would have been to remain with Barclays on either a fixed rate or an offset mortgage – or to take a mortgage with another lender.

The range of lenders that offered fixed rate offset mortgages at the time in question was very limited. Some of them were not available through intermediaries or only through certain intermediaries. The Barclays mortgage offered different features to the other mortgages and was available as a simple switch rather than a full remortgage, with the associated costs of that. And I could not say that Mr and Mrs W definitely would have qualified for a mortgage with a different lender. So I could not say that had the broker explored the rest of the market that they would have been able to identify a mortgage that met all of Mr and Mrs W's needs.

Therefore, I consider the options available to Mr and Mrs W would have been to take a mortgage with Barclays – either a fixed rate mortgage with no offset facility or a variable rate mortgage with an offset facility.

I would add that Mr and Mrs W were receiving mortgage advice. While I am not making any decision about the conduct of the broker, there is a reasonable expectation that the broker would check that the mortgage offer was in line with what they had recommended. The rate switch offer contained no mention of an offset facility. Bearing in mind the importance of the facility, I might have expected a broker to notice that and query it at the outset.

Taking everything into account, I consider Barclays offer is fair and reflects its failings in this

matter. It said it will allow Mr and Mrs W to switch to the equivalent five-year variable rate that was available in November 2022. That is a variable rate 1.25% above the Bank of England base rate with an offset facility. The rate should be backdated to November 2022. The balances in all eligible accounts should be offset and backdated to November 2022 – including Mr W's current account.

I accept it is very difficult to say what Mr and Mrs W would have done. They have expressed an equal preference for a fixed rate and an offset facility – and they may have changed their minds about what was important to them if the correct position was set out to them.

Bearing in mind what Mr and Mrs W have said, it seems that the fixed rate without an offset facility, might have met their objectives. They've said that the other offset mortgage gave them access to the funds they might need and their intention was to transfer the offset saving from Barclays to the other mortgage in any event.

Nevertheless, I think that Mr and Mrs W can now make a choice what they want to do. They can keep the fixed rate without the offset facility as they are – or they can switch to the variable rate with the offset facility and have that product backdated to November 2022.

But for Mr and Mrs W to make that decision, Barclays needs to supply them with clear, fair and not misleading information about the current position of their mortgage – and the position of the mortgage if the variable rate with an offset facility was applied and backdated. Barclays should understand that Mr and Mrs W are consumers. It has a duty to provide information that meets their needs and equips them to make timely and informed decisions.

I agree with Mr and Mrs W that the format of the calculations provided by Barclays does not set things out in a suitably clear and accessible way so they can understand the impact of the recalculation on an offset basis. Therefore, if Mr and Mrs W accept my decision Barclays should produce up to date calculations showing the mortgage as it is and how it would look if it was reworked on a variable rate. It should make sure that the calculations are set out in a way that Mr and Mrs W understand along with any key information such as product fees and early repayment charges. Barclays should then give Mr and Mrs W the opportunity to ask for clarification if they are unsure about the calculations. Mr and Mrs W would then have a further 28 days from the date the calculations were produced to decide which option they want.

I note if Mr and Mrs W do opt for the variable rate with an offset facility they would need to pay a product fee of £1,749. I understand they can choose to pay it directly or to add it to the mortgage balance – but that would need to be factored into any calculation.

Mr and Mrs W have been caused avoidable distress and inconvenience as a result of this matter. Barclays has already paid £300 for its initial poor service. I consider a further payment of £500 on top of that would fairly compensate Mr and Mrs W for the impact of this matter on them.

My final decision

My final decision is that Barclays Bank UK PLC should:

- Produce suitably detailed calculations showing the position of the mortgage as it is and how it would look if the mortgage had been set up on a variable rate that was 1.25% above the Bank of England base rate with an offset facility since November 2022 – and with any balances in any eligible accounts offset against the mortgage.

- Within 28 days of producing the above calculations, give Mr and Mrs W the choice to remain on the current fixed rate or switch to a variable rate that was 1.25% above the Bank of England base rate with an offset facility – and with the rate and any balances in any eligible accounts offset against the mortgage backdated to November 2022.
- Pay Mr and Mrs W £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 6 March 2026.

Ken Rose
Ombudsman