

The complaint

Mr R's complaint is about an interest-only mortgage he has with Barclays Bank UK Plc. He is unhappy with various aspects of Barclays' administration of his mortgage and the information he received when he took out the mortgage, as follows:

- He was misled about being liable for an early repayment charge (ERC) in the event he made any payments to the mortgage, which he's said stopped him reducing the balance of the mortgage by making overpayments. He has also said that he was further discouraged from making overpayments by being told that any money he paid in that way would no longer be available to him.
- Barclays' app provides misleading information about ERCs. He only discovered that he could look at his mortgage on the app in September 2024. He put a number in and was told there would be no ERC.
- Barclays applied an interest rate reduction in August 2024 on an incorrect basis – not to reduce the monthly payment, but rather to reduce the term of the mortgage.
- £29 was deducted from his account.
- A call back he was expecting during his complaint was not received.

What happened

In 2008 Mr R re-mortgaged his property to Barclays. The mortgage was applied for on 18 November 2008 without Barclays providing advice on whether it was suitable for his needs or requirements. The application was accepted three days later, and a mortgage offer was issued.

Barclays has confirmed that as part of the application Mr R had to choose between the offset interest saving being used to either reduce the monthly payments on an ongoing basis, or to reduce the capital balance and thereby shorten the term of the mortgage. This was explained as follows:

'At the end of each day we will take the outstanding balance on your loan and subtract from it the credit balances held in your offset accounts. We will then use this sum to calculate the amount of interest you have to pay. We then either:

- *deduct any interest saved to your following monthly payment; or*
- *reduce the term of your loan (your monthly payment amount will remain the same and any interest saved will be added to the portion of your monthly payment which goes to repaying your outstanding borrowings, thereby repaying your loan more quickly. Please note that if you have chosen this option and there is a reduction in your interest rate in future, this will not reduce your monthly payments but will instead reduce your loan term).'*

On 4 August 2024 Barclays wrote to Mr R to inform him that the interest rate being applied to his mortgage was being reduced, but that the monthly payment would not be changed. It was confirmed that this was either because the change resulted in a change of less than £1

or the mortgage was arranged on an offset basis. The letter also said that Mr R could ask for a recalculation of the monthly payment and all he had to do to change it was to call Barclays.

In September 2024 Mr R changed his offset arrangement from term reducing to payment reducing. As the change could not be implemented immediately the contractual payment was not changed on Barclays' system until the October payment. However, Barclays applied the change retrospectively, and this meant that for September 2024 the contractual payment was £29.26 higher than it should have been. This sum was applied to the mortgage balance.

Mr R complained to Barclays in October 2024. Barclays responded to the complaint on 10 December 2024. It didn't uphold most aspects of the complaint. However, it did accept that Mr R had not received the service he should have in calls in the Autumn of 2024. Barclays paid £350 compensation – this was paid off the balance of Mr R's mortgage at his request.

Mr R was not satisfied with the response from Barclays and referred the complaint to this Service. One of our Investigators looked into our jurisdiction to consider the various aspects of Mr R's complaint. She concluded that we could only consider part of Mr R's complaint – that relating to events in 2008 did not fall within our remit. She then went on to consider the merits of the parts of the complaint that fell within our jurisdiction. She recommended that the complaint be upheld in part. The Investigator also confirmed that we did not conduct audits of accounts, which Mr R had said he wanted us to do.

Barclays did not initially accept the Investigator's conclusions. It highlighted that Mr R had taken the mortgage out without advice, at which time he had asked for his offset arrangements to be set up on a term reducing basis, which included any interest rate reductions. However, it subsequently reconsidered its position and accepted the investigator's conclusions.

Mr R also didn't accept the Investigator's conclusions. He was not happy that his complaint about the events in 2008 was not being considered and set out the consequences of him having been given incorrect information. Mr R set out information about his health situation from 2016 onwards, which he considered meant he could not have discovered that he had cause for complaint before 2024. He also explained that he'd had difficulties with the freeholder of his property from 2006, which caused sustained distress, financial strain and distraction. Mr R set also said that Barclays had made it difficult for him to identify that he could make overpayments without an ERC due to the volume of documentation it provided across all of his accounts. He reiterated his comments about the information contained on the app.

The Investigator considered both parties comments, but she was not persuaded to change her conclusions. As agreement could not be reached, the complaint has been passed to me to consider.

Mr R put in final submissions for my attention. He reiterated why he considered the complaint about the events of 2008 should be considered, along with the information he was given in 2024 in telephone calls and on the App, being misleading and supporting his position.

What I've decided – and why

I issued a decision on 25 February 2026 setting out our jurisdiction to consider the different aspects of Mr R's complaint. I concluded that Mr R's complaint that he was misled about being liable for an ERC if he made overpayments to the mortgage does not fall within our

jurisdiction. I also explained that the new complaint points Mr R had raised with this Service after he referred this complaint, would need to be made to Barclays before we could become involved. As such, I will not comment on those issues in this decision.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I would firstly explain If the available evidence is incomplete and/or contradictory (or simply disputed) we reach our findings on what we consider is most likely to have happened, on the balance of probabilities. It's for us to assess the reliability of evidence, from both sides, and decide how much weight should be attached to it. When doing that, we don't just consider individual documents in isolation. We consider everything together to form a broader opinion on the whole picture.

Our enabling legislation, the Financial Services and Markets Act 2000, provides at section 225 that we are required to resolve complaints "*quickly and with minimum formality*". We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. That means I don't have to address every individual question or issue that's been raised if I don't think it affects the outcome.

In reaching my decision, I will have regard for the law, regulatory rules and guidance, and good industry practice where relevant, but my overarching responsibility is to decide what is fair and reasonable in the circumstances. That can sometimes mean reaching a different outcome from what might prevail in court.

I will firstly address the service aspect of the complaint. Barclays has accepted that the service Mr R received relating to the communication in the autumn of 2024 was not what it should have been. As such, I don't need to determine if it did anything wrong, as it has already admitted it did. What I need to consider is whether it needs to do anything more to remedy the situation. Barclays paid Mr R some compensation for the upset and inconvenience he was caused. I consider that was the appropriate approach and I am satisfied that the £350 is fair and proportionate in the circumstances.

Mr R has said he believes Barclays' app provided him with misleading information. In support of this, he has provided screen shots of the banking app regarding his specific mortgage in October 2025. Barclays has provided some information on the app too, and this confirms that if Mr R wanted to make a payment to his mortgage through the app he could do it in one of two ways. The first being making a debit card payment (which is limited to three times the amount of the monthly mortgage payment) and the second by transferring funds from a Barclays account into the mortgage.

The first of the screen shots Mr R provided relates to the debit card option. It sets out the balance of his account and asked how much he would like to pay towards the account. Below the box where he could enter an amount, it said:

'The most you can pay by card is £951.35, and you won't pay an early repayment fee.'

Mr R has confirmed that his understanding of this statement is that he was only able to pay £951.35 without paying an ERC. Given the punctuation, I can't agree that is the case. This simply tells Mr R the maximum he could pay by *that* method and then confirms that he won't pay an ERC. So I don't consider that this information is misleading.

The second screen shot related to a transfer of funds between Barclays accounts. It asked him to select which account he wanted to make the payment from and too, and the amount he wanted to transfer. The screen then set out:

'You'll see if any early repayment charges apply for this overpayment next. If you want to change the amount of cancel it, you can do this without being charged.'

I again don't consider that this is misleading. It is simply a case of how the system is designed on a generic basis, and if Mr R input a figure, it would be confirmed no ERC would be payable, as he has said he did and was told.

I know that Mr R won't agree, but I don't consider that Barclays' app contained misleading information or indicated that an ERC would be payable if he made payments to his mortgage.

Mr R thinks that the interest rate reduction in August 2024 was incorrectly applied, as it should have reduced the monthly payment, rather than being applied as an overpayment to the mortgage due to the CMP staying the same.

There are various ways of operating an offset mortgage and Barclays' way of doing so is to not reduce the CMP if interest rates fall. I can't say its decision on how to operate its mortgages is inappropriate and I am satisfied that Mr R would have had this information in 2008 when he applied for his mortgage. However, economic and mortgage market conditions since that time have changed significantly. Many consumers have struggled with mortgage payments since the autumn of 2022 when interest rates started to rise. Indeed, the Mortgage Charter, which Barclays is a participant of, was put in place because of these conditions. In light of the environment at the time of the August 2024 interest rate reduction, I think Barclays reasonably should have given Mr R the option of whether he wanted the CMP to remain static or to reduce in line with the interest rate.

Barclays has accepted this position and has agreed to recalculate the mortgage account as though the August 2024 interest rate reduction had been applied as CMP reducing. Any overpayment that this produces should be refunded to Mr R or, if he wishes it, be applied to the mortgage as an overpayment. If Mr R accepts this decision, he needs to confirm what he wants to happen to the overpayment at the same time. Barclays will then complete the recalculation and should provide Mr R with details of the calculation and how it has impacted the mortgage account. In relation to this recalculation, Mr R should take into consideration when making his decision about the overpayments, that if he were to ask for that sum to be refunded, it would increase the interest-bearing balance of the mortgage.

Mr R has questioned the CMP difference from September 2024, as he thinks it has been deducted from his account. I have looked at the account information available, and I am satisfied that this money was applied to the mortgage and reduced the outstanding balance, as would be expected.

My final decision

My final decision is that I uphold this complaint in part. In full and final settlement, I require Barclays to complete the actions detailed above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr R to accept or

reject my decision before 2 April 2026.

Derry Baxter
Ombudsman