

## The complaint

Mr A complains that when he took out money from the Mortgage Current Account linked to his mortgage with Barclays Bank UK PLC, he'd understood that this borrowing would be charged at the same interest rate as his mortgage. But he now knows it's much more.

## What happened

Mr A said that in around 2018 or 2019, he'd borrowed about £10,000 from his mortgage current account ("MCA"). He told us he did that in his local branch, and he said he had understood he was borrowing money at the same interest rate as his mortgage.

Mr A said it was only some years later, much more recently, that he'd realised the interest rate charged on the MCA borrowing was much higher than on his mortgage. Mr A said he'd paid about £4,000 in interest, and if the rate had been the same as his mortgage, he'd have paid about half that.

Mr A wanted Barclays to refund any interest he'd paid which was over his mortgage rate. But when Mr A complained to Barclays, it said he had left it too late to complain about any withdrawals from the MCA he made in 2018. Mr A said he suffered from ongoing, long term mental health issues, which is why he hadn't spotted this sooner.

When this complaint came to our service, Barclays said something different. It said it had checked when Mr A made the withdrawals from his MCA, and there wasn't one withdrawal in 2018, as Mr A had said. He'd actually made three withdrawals. The first withdrawal was on 5 June 2019, and was for £5,000. Mr A then withdrew £2,500 on 31 October 2019, and a further £2,500 on 27 February 2020

Barclays said Mr A complained to it on 10 July 2019. So he wasn't too late to complain about two of the three withdrawals he'd made in the last 6 years, after all. But Barclays didn't think it had done anything wrong. It said it had told Mr A when he made the first withdrawal, how much the interest would be. And it could show us statements it had sent to him since, which set out the interest being charged. So Barclays wouldn't pay any of the money it had charged in interest back to Mr A.

Our investigator said we could consider the interest charged on the second and third withdrawals Mr A had made, but she didn't think his complaint about that should be upheld. Mr A had suggested he may have been misled about this by Barclays, but our investigator said the annual statements Mr A got in 2019 and 2020 told him the interest rate charged on his MCA. She thought Barclays had made it clear that there were separate interest rates applied to the MCA and the mortgage. And there were notes to suggest Mr A was told the rate he would pay on the MCA in June 2019.

Mr A didn't agree. He said even if he had been told the rate back in June 2019, Barclays should have followed that up in writing, and it hadn't. He also said if he'd realised the rate being charged on the first withdrawal, he clearly wouldn't have made further withdrawals, and would have paid off the first one quickly. He still wanted Barclays to refund the difference between the interest it had charged on the MCA, and the interest he would have

paid, if the MCA interest rate had been the same as his mortgage. Mr A said the amount was only around £2,000, so he thought Barclays should pay this as a gesture of goodwill.

Our investigator didn't change her mind. She said she wouldn't expect Barclays to have followed up a conversation in June 2019 with a letter, unless that was requested, and there was nothing to suggest it had been. She understood Mr A was a longstanding customer, but she said Barclays was only following the terms of Mr A's mortgage. She couldn't say Barclays must overlook this and make an offer because of the relationship it has with Mr A.

Our investigator said Mr A had made further withdrawals after the first one, and after he received a statement setting out the interest rate being charged on that.

Mr A wanted his complaint to be considered by an ombudsman, so it was passed to me for a final 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.

Our service has previously provided Mr A with a decision clarifying why we can only look into the second and third of the withdrawals he alerted us to. I won't reopen that decision here.

In looking at those two withdrawals, I've reached the same overall conclusion as our investigator. I'm sorry to have to tell Mr A that I've not been able to see it's most likely he was misled about the interest rate which would be charged on withdrawals from the MCA. That's for a number of reasons. The notes Barclays made at the time suggest that Mr A was told this rate, when he made his first withdrawal. From June 2019, the first month when Mr A made a withdrawal from the MCA, he was sent monthly MCA statements which listed the actual amount of interest charged. And the rate which he was paying was also noted on his annual mortgage statements.

I can also see that, starting with the December 2020 statement, the monthly MCA statements that Barclays sent to Mr A, contained a clear and prominent note explaining the interest charged on the account. This was the first section on the first page. And it said this -

*Your Mortgage Current Account statement*

*Mortgage Current Account Statement*

*This account is secured against your property and any outstanding balance will be required to be repaid when your associated mortgage account is repaid. The rate charged on this account is Bank of England Base Rate (BEER) + 4.49%, unless you have an offset mortgage when the rate is the same as your mortgage. Please note that if the BEER changes this will impact the amount of interest you incur on any outstanding overdraft balance. Please note that we do not pay any interest on credit balances in your mortgage current account.*

So I don't think Barclays misled Mr A about the interest rate on his MCA at the time he made the two withdrawals I'm able to consider here, in October 2019 and February 2020. And, although Mr A said he only realised the interest rate he was being charged recently, I can see Barclays took steps in December 2020 to make information about the relevant interest rate even more prominent on the monthly statements Mr A was being sent.

I know Mr A thinks Barclays ought to charge interest on the MCA at the same rate as his

mortgage, because they are linked products. But I haven't been able to see anything to suggest that Barclays had to charge Mr A the same interest rate on MCA borrowing as on his mortgage, and I haven't been able to see anything to suggest that Barclays had ever told Mr A it would charge him the same interest rate on MCA borrowing as on his mortgage. Mr A's mortgage borrowing is quite different to the very flexible and easily accessed borrowing available through the MCA. So I'm not able to say it's fundamentally unfair for Barclays to have different rates for these two different types of borrowing.

I appreciate how strongly Mr A feels that it is simply wrong for this borrowing to be charged at a higher rate, but I'm sorry to have to tell him I don't agree. It looks as if Barclays has only done what it said it would do, and it also looks like Barclays provided particularly prominent warnings about the higher interest rate Mr A was paying on this borrowing.

Mr A has said he's offered medical evidence to support why he wouldn't have fully appreciated the position earlier, and we haven't taken account of this. But this complaint is about the rate of interest that Barclays has charged, not about whether it failed to support Mr A with a vulnerability. I haven't been able to see that Barclays has been unfair or unreasonable in charging this higher rate of interest, and I think Barclays has taken a number of different steps to alert Mr A to that rate. So, although I know Mr A will be disappointed, I don't think this complaint should be upheld.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 20 May 2026.

Esther Absalom-Gough  
**Ombudsman**