

complaint

This complaint is about Mr and Mrs S's attempt to "port" an existing mortgage to a new house. They say that as existing borrowers, they shouldn't have been subjected to the degree of scrutiny that Barclays Bank Plc applied to their application. They eventually obtained a mortgage elsewhere but on different terms. They want Barclays to return them to the position they'd be in if they'd been allowed to port the existing mortgage as it was.

background

I issued a provisional decision in April 2015 explaining why I thought the complaint should succeed. Both parties accepted my findings, so the underlying subject matter of the complaint is no longer in dispute. I issued a second provisional decision in September 2015 setting out the basis on which I considered the complaint should fairly be resolved. I said:

"The Barclays mortgage product Mr and Mrs S wanted to port was a tracker with no product end date. What they have now is a fixed rate running until 3 October 2017. The fixed rate has been higher than the Barclays tracker since inception, and is so presently. Whether it remains so between now and October 2017 – when Mr and Mrs S will have the opportunity to set their rate again – is unknown. Nor can I know whether the rate product Mr and Mrs S are able to secure in October 2017 will be higher or lower than the tracker rate they'd be paying if they'd stayed with Barclays.

I'm not in a position to predict what will happen to interest rates in the future. Rather than speculate one way or another, I've taken a "broad brush" view which, whilst not ideal, seems to me the optimum approach. I've concluded that the fair solution is to require Barclays to reimburse Mr and Mrs S for the extra interest they have (and will) pay up to the end of their current fixed rate, on the assumption that there is no change in the Barclays tracker rate before that date.

I've thought about whether to award interest on the redress for extra mortgage interest. On balance, I don't think it's warranted. Part of the redress compensates for a loss already incurred, and part is compensation in advance for a loss yet to arise. Overall, I think they balance out."

My provisional award of redress was to direct Barclays to:

- *"calculate and pay the differential interest payable each month on Mr and Mrs S's current mortgage between the fixed rate and the Barclays tracker rate (assuming no change in the tracker) from the mortgage start date to 3 October 2017;*
- *reimburse Mr and Mrs S the product and broker fees they paid to get the new mortgage, less any product fee they'd have paid to port their product if they'd stayed with Barclays;*
- *calculate and pay interest at 8%* simple on the reimbursed fees, from the respective date(s) they were paid up to the settlement date; and*
- *pay Mr and Mrs S £300 compensation for their time, trouble and expense in bringing this complaint.*

**If Barclays considers it should deduct basic rate tax from this element of the award, it may do so, but must then provide Mr and Mrs S with the relevant tax certificate."*

Both parties have now responded to my second provisional decision. Barclays has agreed to settle on the terms I have proposed. Mr and Mrs S have not. They believe the payment for

the interest rate differential should run for the intended life of the Barclays mortgage. They also provided an invoice for their broker fee, confirming it to be £500.

my findings

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

I explained in the second provisional decision why I considered it fair overall that the interest differential payment should run until 3 October 2017. I appreciate Mr and Mrs S think it should be for longer, but they haven't presented a persuasive argument to convince me that it's fairer than what I have proposed.

I remind the parties that a decision from me is to set out in broad terms what Barclays must do; the calculations will follow from that, always presuming Mr and Mrs S accept my decision. Mr and Mrs S haven't produced evidence of a product fee, but in the event they present such evidence to Barclays subsequently, I would expect the bank to accept it when calculating the eventual redress payment.

my final decision

For the reasons set out above, my final decision is that I uphold this complaint. In full and final settlement, I direct Barclays Bank plc to:

- calculate and pay the differential interest payable each month on Mr and Mrs S's current mortgage between the fixed rate and the Barclays tracker rate (assuming no change in the tracker) from the mortgage start date to 3 October 2017;
- reimburse Mr and Mrs S the product and broker fee they paid to get the new mortgage, less any product fee they'd have paid to port their product if they'd stayed with Barclays;
- calculate and pay interest at 8%* simple on the reimbursed fees, from the respective date(s) they were paid up to the settlement date; and
- pay Mr and Mrs S £300 compensation for their time, trouble and expense in bringing this complaint.

*If Barclays considers it should deduct basic rate tax from this element of the award, it may do so, but must then provide Mr and Mrs S with the relevant tax certificate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 9 November 2015.

Jeff Parrington
ombudsman