

The complaint

Mr B complains that, although Barclays Bank UK PLC told him he wouldn't need to pay an Early Repayment Charge ("ERC") when porting his mortgage from one property to another, Barclays still included the ERC in the redemption statement, then took too long to return it.

What happened

Mr B was moving to a new property, and porting his existing lending with Barclays. He said Barclays had confirmed he shouldn't need to pay the ERC which was part of his existing mortgage. But that ERC, which was just under £2,000, was still included in his redemption statement, which he received the day before he was due to move.

Mr B said he emailed his contact at Barclays to ask about whether he had to pay this, but the reply he received wasn't helpful. He said his solicitor told him he would have to pay the ERC to complete the house move, then he could ask Barclays to pay it back.

Mr B said he moved on 15 February, then on 16 February asked Barclays for the money back. He said Barclays told him it would refund the ERC around 10 days after the first mortgage payment, which would be well over a month away. Mr B said Barclays wasn't taking him seriously until he said he needed the money to pay bills and put food on the table.

Mr B said since then he'd tried to contact Barclays again, but without success. He'd received a letter dated 24 February saying his complaint had been resolved, but he hadn't got the money back. And paying his credit card bill took him into overdraft.

Mr B wanted the money back, with interest, and compensation for the severity of the mistake and its impact on him.

Mr B showed us an excerpt from Barclays' website, which said customers don't pay an ERC if they are "porting" their mortgage, which means transferring their current balance from their old mortgage, to a new Barclays mortgage (within 90 days of selling their current home). And Mr B sent us his redemption statement, which included his ERC and didn't mention any option not to pay this.

Mr B also showed us an email he sent to Barclays, on the evening of 14 February, asking if he really had to pay the ERC, and Barclays' reply sent early on 15 February, which said *"Please refer the solicitors to supplementary condition 1 on the offer letter"*.

Barclays said the money was sent back to Mr B on 24 February. It said it was sorry Mr B was given incorrect information about when the money would be returned, because he was told he would have to wait over a month, which wasn't the case. But aside from that, Barclays said it had followed the conditions of Mr B's mortgage offer.

Barclays has sent us Mr B's mortgage offer. Supplementary condition 1 reads as follows –

"If this new mortgage completes at the same time as the redemption of account number [ending 2500] the early repayment charge shown on the redemption

statement for the existing mortgage will not be payable and should be excluded from the redemption monies sent to us."

and

"Any refund will be made shortly after completion of your new mortgage."

Our investigator didn't think this complaint should be upheld. She accepted Mr B had suffered some inconvenience, but she didn't think that was Barclays' fault. She said the redemption statement did include the ERC, but the mortgage offer explained that this wasn't payable where the new mortgage is completed at the same time as redeeming the previous mortgage. So she said it was the conveyancer's responsibility to deduct the ERC from the money sent to Barclays. Our investigator noted that Mr B had been given wrong information about when he'd get his payment back, but the ERC was then refunded shortly after completion. She didn't think Barclays had to pay compensation.

Mr B didn't agree. He didn't think the responsibility for this lay with the conveyancer, he thought this was caused by Barclays including the ERC in the redemption statement. He said he'd received two redemption statements. One didn't include the ERC, but that was received too late. Mr B also said he did challenge this with the conveyancer, but they said their policy was to provide the bank with what they were asking for in the redemption statement, as they had fallen foul of this previously.

Mr B said money left his account on 15 February and wasn't returned until 28 February. So he said he had 13 days when he struggled to feed his family and cover the absolute basics of the cost of living. And Mr B said Barclays had taken an ERC of almost £2,000 and a £80 mortgage exit fee. He said he hadn't got the same amount back.

Barclays said it sent Mr B a redemption statement dated 14 February 2023, for redemption on 15 February. It shared that statement with us. That included an ERC of £1,887.22 and a mortgage exit fee of £80.00. Mr B had paid the total of £96,328.43, so his conveyancer didn't remove the ERC from the total. Barclays said it received this money on 20 February, and processed his refund promptly after that, but Mr B didn't get this money until 28 February.

Our investigator didn't change her mind. She still didn't think the overpayment was Barclays' fault, she repeated that the conveyancer should have followed the instructions in the offer, and deducted this amount from the money paid to Barclays. And she still thought Mr B's refund was then processed in a reasonable timeframe.

Mr B didn't agree. He wanted an ombudsman to consider his complaint, so this case was passed to me for a final decision. I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I did not propose to uphold it. This is what I said then:

I don't think it was wrong for Barclays to issue a redemption statement which told Mr B how much the ERC was, just in case. If his purchase of the new property had been delayed at all (which unfortunately is not unusual) then Barclays would have expected Mr B to pay that ERC as part of redeeming his old mortgage, because it then doesn't know if Mr B's purchase will eventually go through, and he will be porting his lending, or not. If a delayed purchase goes through later Barclays can refund the ERC.

Because that sort of last minute delay on a purchase does sometimes happen, I don't think it would be helpful for Barclays not to have sent Mr B the figures he would need, in those circumstances.

But I do think Barclays told Mr B what he needed to pay to redeem his old mortgage, if everything was going to plan, and he was completing his purchase and taking out his new mortgage at the same time as redeeming the old one. Barclays' offer of a new mortgage to Mr B set out that he didn't need to pay the ERC if the sale and purchase happened at the same time. And Barclays issued a redemption statement to him that excluded the ERC, although Mr B says he received this too late.

Finally, I can see that when Mr B contacted Barclays for advice on what he had to pay, the advisor responded very quickly to tell Mr B to refer his solicitors to the relevant condition. Mr B said he didn't have the offer to hand on the morning of the move, so couldn't look up the condition that Barclays told him about. But I don't think Barclays expected him to do this. It told him what to tell his conveyancer, so the conveyancer could be reassured that Barclays wasn't expecting Mr B to pay an ERC. I think that was an appropriate and helpful response from Barclays.

I don't think Barclays is responsible for Mr B's conveyancers having a policy of paying the ERC anyway when redeeming a mortgage on porting, and I think Barclays did everything it reasonable could to avoid that happening. So I don't think Barclays has to pay interest on that money, while it briefly held it.

I understand Mr B was then upset to be told there would be a significant delay in returning the ERC, but the money was returned more quickly than Mr B feared. I understand Barclays has apologised to Mr B, and I don't think that Barclays also has to pay compensation, for this single error.

Mr B said there was a difference between the amount he thought he'd overpaid, and the amount returned to him. He said he paid an ERC of £1,887.22, and a mortgage exit fee of £80. So he was expecting both those amounts back. But he only got a refund of £1,867.58. Mr B said he's never had the fee back, or the full amount of the ERC.

Barclays has sent us Mr B's original mortgage offer from August 2021. That says when the 2021 mortgage is redeemed then the mortgage exit fee of £80 is payable, and is non-refundable. And Mr B did redeem this mortgage on the sale of his old home, even though he then took out another mortgage with Barclays straight away. So I don't think Barclays made a mistake in not paying that mortgage exit fee back.

Mr B also didn't get all of the ERC back. But Mr B paid the amount on the redemption statement for 15 February. And I understand Mr B's payment wasn't received by Barclays until 20 February. So Mr B owed a little more interest on the mortgage than he'd realised.

Mr B can send more evidence on this point if he wishes, including when the payment was sent from his solicitors' account to Barclays, and how it was sent. But on the evidence I've seen to date, I haven't been able to see that Barclays is in any way responsible for this delay in receiving payment, and it's reassured me that it applied the payment to redeem Mr B's mortgage on the same day.

The amount withheld from Mr B's ERC refund seems to me to be in keeping with the daily interest charges that I can see on Mr B's redemption statement. So I think it's likely that the missing amount from Mr B's ERC refund was used to pay this additional interest, charged during the short delay before Mr B's payment was received.

For the above reasons, I don't think Barclays has to take further steps to put things right here. I know Mr B will be disappointed, but I don't think his complaint should be upheld.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Neither side has replied.

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.

Neither side has offered any further evidence or argument, and I haven't changed my mind. I'll now make the decision I originally proposed.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 February 2024.

Esther Absalom-Gough
Ombudsman