

The complaint

Mr N complains that he's been overcharged on his mortgage by Barclays Bank UK PLC.

What happened

Mr N got a mortgage illustration based on an interest rate of 3%. Mr N applied through Barclays mobile banking to switch his rate commencing November 2022 to a five-year tracker at Bank of England Base Rate ("BEBR") plus 0.75%. Mr N noticed that the end date and contractual monthly payment ("CMP") he was charged were wrong. Barclays apologised for the poor customer experience at rate switch and amended the end date, refunded £265.62 and offered £200 compensation.

Mr N said that the rate was wrong and should be as in the mortgage illustration at 3.0% and not the 3.5% applied. Barclays however, said that this was a tracker rate and the rate increased in November. But it agreed that it had taken too much by direct debit in November when it had applied the standard variable rate. On reconsideration it credited a further £28.32 to Mr N. Our investigator thought that this was fair. Mr N disagreed and asked for a review.

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 made a number of errors on Mr N's account when he switched his interest rate at the end of October 2022 to a tracker rate at 0.75% above BEBR but in my view these issues have now been sorted. The length of the mortgage product was adjusted to a five-year rate as Mr N had originally wanted. Mr N thought he was getting an interest rate of 3.0% but the interest rate went up in November 2022 and as Mr N had applied for a tracker rate his interest rate also went up. That wasn't an error.

It's accepted that Barclays made an error by applying the standard variable rate rather than the tracker rate. This required two adjustments and refunds to Mr N. As I understand it the position was that in November 2022, Barclays took a direct debit of £1,202.45. But Barclays took too much. It should have taken £908.51, and it has now refunded £293.94 although that of course means, as this amount is no longer credited to the account, Mr N's mortgage balance will increase.

I'm satisfied that the mortgage account has now been satisfactorily adjusted to reflect the position it should have been in if the tracker rate had been applied correctly. Although Barclays caused a problem with the account I'm satisfied that this has been fairly sorted and that as this is a tracker rate that the increase in his CMP was the result of the BEBR increase as happens if the mortgage is on a tracker rate. I also believe that the compensation offered by Barclays of £200 for its error is a fair reflection of the distress that Barclays error caused Mr N and I don't require it to make any increased payment.

My final decision

Barclays Bank UK PLC has already made an offer to pay Mr N £200 to settle the complaint and I think the offer is fair in all the circumstances.

So, my decision is that Barclays should pay Mr N £200 unless it has already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 9 January 2024.

Gerard McManus
Ombudsman