

## **The complaint**

Mrs S and Miss S complain that Barclays Bank UK PLC didn't inform them that their five-year fixed rate mortgage product was coming to an end to allow them time to arrange another mortgage product.

## **What happened**

Mrs S and Miss S own a property financed with a mortgage to Barclays. That mortgage had a rate fixed until 31 May 2022. Under the terms of the mortgage offer dated May 2017, after the fixed rate ended on 31 May 2022, the interest rate went onto a variable rate. The borrowing in 2017 was about £550,000.00 on a property valued at about twice that.

Mrs S and Miss S say that in 2022 they got no reminders about the fixed rate ending from Barclays and didn't remember themselves until in early August, Mrs S's husband noticed the increase in the contractual monthly payments ("CMP") showing in the bank statements for the months of June and July. They then contacted Barclays and the following day, took out a further five-year fixed rate product but at a higher interest rate than would have been available in May.

Barclays says that in advance of the fixed rate ending it generated a letter advising of this on 7 March 2022. But this wasn't delivered as the correspondence address was changed to the property address, but the property address was marked on Barclays records as "gone away". So, although no reminder letter was delivered, Barclays says that the letter was issued to the customer's online banking and available there for review. But due to its errors with the addresses Barclays offered compensation of £300. When Mrs S and Miss S took out a new mortgage product in August, it also backdated the operation of the new rate to the 1 June. Our investigator thought this was fair and didn't recommend that this complaint should be upheld. Mrs S and Miss S 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.

Mrs S and Miss S missed out after the fixed rate period ended in May 2022 on an immediate transfer to another fixed rate product. When they organised it a couple of months later, interest rates had risen. It seems that a reminder letter, as I understand it, was addressed to the property address but not the correspondence address and not delivered as the property address was marked "gone away" on the account with Barclays. But Barclays says it was sent to the customer's online banking and available to be read there. Mrs S says that they have a number of online portals with other financial institutions and will look if they get an email telling them there is a letter there but in the period from March to May as she was not prompted to do so, she didn't look for any letter from Barclays on this facility.

The issue in this complaint is whether Barclays was at fault for Mrs S and Miss S not knowing that their mortgage product was coming to an end in May 2022. It seems to me that

Barclays told them both when they took out the product in 2017 that the product would come to an end in May 2022. Mrs S says that it failed to tell them that "*The product was due for renewal*". The product isn't due for renewal unlike say a car insurance renewal. Mrs S and Miss S may care to take out another product or not when the previous one comes to an end as here. It's not compulsory. Mrs S and Miss S say that Barclays should have reminded them. But Barclays was not their financial adviser. Having sold the product to them and told them when the product ended I can't see that it agreed to remind them later that the product was coming to an end. Mrs S and Miss S knew themselves when the product was coming to an end and any financial actions following from that lay with them.

I appreciate that Barclays, like other lenders, may send out a reminder letter in advance of the term ending. That seems to me to be partly goodwill and partly an invitation for further business. But Mrs S and Miss S should already know what date the fixed rate mortgage product term ends, and I don't see a commitment by Barclays in the mortgage offer that reminders will be sent. So, although I agree that the mix-up in the correspondence must be annoying for Mrs S and Miss S, I don't accept that this meant that they shouldn't have known the date when their present mortgage product ended. So, I can't fairly hold Barclays responsible for Mrs S and Miss S missing out on that date if they wanted to take out another mortgage product as Barclays had already told them when that would be.

But there are service issues in relation to the maintenance of Barclays records about contact preferences and correspondence not going to the correct address and that requires compensation. I recognise that this this caused annoyance and frustration with this poor service and required them to contact Barclays on several occasions to attempt to rectify the problem. It seems to me that Barclays has dealt with compensation for this fairly. Although Mrs S and Miss S only applied for a new mortgage product in August, Barclays agreed to backdate it to the date that the previous mortgage product ended. It didn't agree to apply the interest rates available before August. As Mrs S and Miss S didn't apply until August and as I don't consider that to be the fault of Barclays, I don't consider it fair to require it to adjust the interest rate any further. It also offered £300 as compensation which I consider fairly compensates Mrs S and Miss S for their annoyance, frustration, and effort in respect of the service issues referred to above.

### **My final decision**

Barclays Bank UK PLC has already made an offer to pay £300 to settle this complaint and I think this offer is fair in the circumstances. So, my decision is that Barclays Bank UK PLC should pay £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Miss S to accept or reject my decision before 22 November 2023.

Gerard McManus  
**Ombudsman**