

The complaint

Mr D complains that he was mis-sold a loan by Barclays Bank UK PLC (Barclays)

What happened

Mr D had two personal loans from Barclays. In June 2022, he visited a branch to ask for a further £4,000 / £5,000 to complete a kitchen extension. He was given a new loan of £35,000 to replace the two old loans and provide the further funds as follows:

Loan number	Amount	Closing balance	Interest rate	Total payable	Expiry (all 60 months)
1 Old Loan	£20,000	£16,167	5.4%	£22,749	May 2026
2 Old Loan	£15,000	£14,404	5.5%	£17,103	March 2027
3 New Loan	£35,000	N/A	7.9%	£42,096	June 2027

The two old loans were closed and the new one was drawn. The loan agreement was dated 14 June 2022.

Mr D complained. He said he should've been advised to take a new, smaller loan at a rate of 6.9%. He said because of taking the new consolidated loan, he would pay £1,346 more interest over the five-year period. He said Barclays should agree to reduce the interest rate on the new loan to 5.4% to reflect the additional interest, plus compensation for the calls and letters he had written. He also said Barclays took too long to respond to his complaint.

In October 2022, Barclays said the new loan had been auto approved. Mr D had been given a 14-day cooling off period, so he could've cancelled the loan if he felt it wasn't right for him. They said they couldn't re-open the old loans as they'd been closed. Barclays apologised for the length of time taken to investigate his complaint and for that, offered compensation of £300.

Mr D rejected the offer and brought his complaint to us. Our investigator didn't uphold it. He said he couldn't be sure what took place in the branch. But in the pre-contract information, the loan details, interest rate and period were set out. It showed the total amount and interest payable. It also said that consolidation of borrowing may be at a different rate and cost more in the long term. Mr D then took the decision to go ahead, so Barclays acted reasonably. He went on to say that the compensation offered of £300 was reasonable.

Mr D asked that an ombudsman look at his complaint. He said it was he who mentioned 'consolidation loan' in the branch – and if he had asked for a smaller loan, it would've been agreed. He said Barclays' advisor should've pointed out the increased costs of the consolidation loan. He said that as a loyal customer of Barclays with a good credit rating, he had been misled.

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.

We can't be sure of what took place in the branch. We asked Barclays for a testimony from the member of staff involved, but that person no longer works for the bank. But setting that aside – Mr D told us that he mentioned 'consolidation loan' – and so I can see why the Barclays advisor provided that.

The crux of this decision does come down to what was provided to Mr D when the loan was offered to him. I looked at the pre-contract document sent to him. It included: *"Important information about your Barclayloan: key points you need to understand before you sign for your loan..."*

Please read each of these carefully to make sure the loan is suitable for you and that you understand everything - particularly the repayments you will be committing to...

This is information that you need to know before you sign for your Barclayloan and will help you decide whether Barclayloan is suitable for you. Please consider this information alongside the Agreement and Pre-Contract Credit Information. If you have any questions at all, please get in touch by phone or come into your nearest branch. This offer is valid until 14/07/2022. ...

If you're using your loan to consolidate existing borrowing, you will need to consider that it may be at a different APR and that by spreading debts over a longer term, you may end up paying back more in the long run....

If you change your mind. After you sign the Agreement, we'll send you a letter confirming that the loan has been opened. From the day after you receive this, you have up to 14 days to change your mind and tell us that you want to withdraw by coming into a branch, calling or writing to us...

The total amount of credit....£35,000... The total amount you will have to pay. £42,096.60... Annual Percentage Rate of Charge (APR) 7.9%"

So – Mr D was advised to read the terms of the loan; and the contract also said consolidation loans might cost more over their term. And – importantly – he was given a 14-day cooling off period to change his mind. But unfortunately, he didn't contact Barclays during that period to say he was unhappy or concerned.

So - I'm satisfied that Barclays gave Mr D all the necessary information in a clear and not misleading way (as they are required to) and for him to make an informed decision.

I appreciate Mr D feels strongly about his complaint, but having considered everything, I'm not asking Barclays to do any more. Barclays offered compensation of £300 for the time they took to deal with Mr D's complaint (I can see that was between 4 July 2022 and 25 October 2022), and I think that's a reasonable outcome here.

My final decision

Barclays Bank UK PLC has already made an offer to pay £300 to settle the complaint and I think this offer is fair in all 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 Mr D to accept or reject my decision before 2 August 2023.

Martin Lord
Ombudsman