

## **The complaint**

Mr B complains that Barclays Bank UK PLC overcharged him for his early repayment charge (“ERC”) and is unhappy with the service he has received.

## **What happened**

Mr B had a mortgage with Barclays with two parts. One of these was on a fixed rate product with a fixed interest rate of 2.09% that ended on 31 January 2023. Mr B’s sale of his house was to complete on 24 August 2022 and in advance of that, his solicitor got a redemption figure. When Mr B visited the solicitor on 12 August he was shocked to see on the redemption statement an ERC of £1,062.73 which he says is completely inaccurate. Mr B says that the part of his mortgage on a fixed rate with a balance of £35,400.15 should have had a 1% ERC.

Mr B made a number of other complaints arising thereafter about Barclays service and that the bank was holding money belonging to him.

Barclays replied on 1 November 2022 saying that the mortgage product with the ERC was a non-advised sale and the mortgage offer said that Mr B would have to pay an ERC of 3% of the mortgage balance on that account at the time. Barclays said that the ERC was fairly charged but offered Mr B £200 compensation for some poor customer service and for the time taken to resolve the complaint. Our investigator’s view was that Barclays charged the correct ERC and its offer of settlement for the other issues was fair. Mr B 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.

There are a number of complaints here which I will deal with below:

ERC – Mr B says he was shocked by the size of the ERC he was asked to pay. Barclays says that the ERC was contained in the mortgage offer and set at 3% of the outstanding balance. Mr B says that the ERC was charged at 3% but as it was in its final year should have been charged at 1% as he had a stepped ERC going down in the final year.

The amount of an ERC that a customer will pay is set out prominently in the mortgage illustration that precedes a mortgage offer and the mortgage offer itself. Barclays has produced a mortgage offer that Mr B says he never saw. Barclays says that the application for a mortgage switch was completed online, and Mr B would have clicked to accept that. The mortgage offer produced in evidence by Barclays prominently at Section 10 states that the ERC on this part of the mortgage, if it was redeemed before 31 January 2023 will be 3% of the amount repaid. That agrees with what Barclays says and not Mr B. Mr B says that his ERC was stepped with the percentage of the ERC declining as time passed.

Clearly, there was a mortgage offer for the mortgage product or else the fixed rate mortgage

wouldn't have commenced. That offer would have included a figure for the ERC. Mr B agrees that there was an ERC, so the only argument is about the figure. Mr B says it's 1%. But there is simply no evidence for that figure. Mr B has produced no mortgage offer confirming what he believes to be true whereas Barclays has produced a mortgage offer confirming that the ERC was 3%. I accept that Mr B believed that the ERC was declining which it was but that was because of the reducing mortgage balance rather than the percentage ERC. The evidence supports what Barclays says namely that the figure was 3%. As Mr B has produced no compelling evidence to dispute that figure, I can't fairly uphold that part of the complaint.

Mr B raised a number of complaints about Barclays service in a letter of 26 August 2022. These were issues related to the redemption of his mortgage, how the mortgage account had vanished from his online portal though there was still money in it, that his mortgage current account was still registered at the old address although he had now moved, the difficulties of registering his new address lacking documentation to do so. and other issues. Barclays replied to that on 1 November 2022 addressing each of the issues that Mr B raised and offering £200 by way of apology for the time taken to resolve the complaint and the poor customer service.

Mr B in his email to us of 2 June 2023 says that he still had no answer to many of the questions asked and that £200 offered was an insult given the all-round poor communication and customer service. Our investigator issued a further view addressing each of the issues Mr B raised in the email of 2 June concluding that the only real error Barclays made was in regard to updating Mr B's address and why it couldn't be done on the phone. In my view the letter from Barclays dated the 1 November 2022 and the further view from our investigator reasonably addresses the complaints that Mr B had.

Barclays has said it provided a poor service although if I look at the actions individually, there are reasonable explanations for the actions taken. Apart that is from the information that Mr B got about changing his address and the unsatisfactory phone call that Mr B had in relation to it. Barclays has offered Mr B compensation of £200 for its service failure.

This complaint arises out of the redemption of the mortgage which was the big issue in the case. I don't find that there was any fault with the redemption itself. Mr B complains about his solicitor getting the redemption statement but not him but that is the practice of all lenders as the solicitor is normally the agent of the seller. There were clearly issues that Mr B was unhappy about, but these were explained and resolved within a reasonable period. Mr B suffered no financial loss but a degree of inconvenience. In those circumstances, I agree that £200 represents fair compensation and a fair settlement to this complaint.

### **Putting things right**

Barclays Bank UK PLC should pay Mr B £200.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 24 November 2023.

Gerard McManus  
**Ombudsman**