

The complaint

Mr D complains that a mortgage he took with Barclays Bank UK PLC was marketed as having a fixed rate for five years but was in fact fixed for less than this.

What happened

Mr D applied for a mortgage with Barclays in 2020. Mr D says that the mortgage product he applied for was marketed as a five-year fixed rate mortgage. This application was done on the advice of an independent mortgage broker. Barclays issued a mortgage offer on 8 October 2020. The mortgage offer stated that the interest rate would be fixed from the date the mortgage completed until 30 April 2025. The mortgage completed in March 2021.

In late 2022, Mr D complained to Barclays. He said that the mortgage could never have been fixed for five years given the end date in the mortgage offer and he felt he'd been mis-led by it being referred to as a five-year fixed rate mortgage. He asked Barclays to either extend the term of the fixed rate or pay compensation to him.

Barclays didn't uphold the complaint. It said the offer clearly set out the specific date when the fixed rate would end. Barclays did accept it had failed to respond to his first letter of complaint and offered £40 compensation for this mistake.

Unhappy with this response, Mr D referred his complaint to our Service, where one of our Investigators looked into it. Our Investigator didn't think Barclays had made a mistake and didn't think the complaint should be upheld.

Mr D didn't agree and asked for his complaint to be reviewed by an Ombudsman. So it's been passed to me to consider and make a final decision.

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.

Mr D's key point in this complaint is that Barclays led him to believe that the mortgage rate would be fixed for five years, but it could never have been because of the date that the fixed rate ended.

Many fixed rate mortgages work in this manner. Lenders will typically secure a tranche of funds which it will lend at a certain rate. It's usually marketed as fixed for a certain number of years such as, in this case, five. So, when this fixed rate was first released, it would've run for five years (possibly slightly longer) if the mortgage completed soon after it was released. However, the longer a particular product is on the market, the less time the fixed rate has to run.

We aren't the industry regulator, so it's not for us to tell a business how it should operate. Instead, I've considered the information that Barclays provided to Mr D.

Whilst it may've been marketed as a five-year fixed rate, and the covering letter for the

mortgage offer refers to it as a five-year fix, the mortgage offer doesn't actually refer to this mortgage product as a five-year fixed rate. Instead, it clearly sets out that the mortgage interest rate will be fixed until 30 April 2025. I think this should've made Mr D aware that he wouldn't be getting the full five years at this fixed rate as he expected to. The offer was provided to Mr D prior to completion of the mortgage. And had he been unhappy with the actual term of the fixed rate, he was under no obligation to proceed with this product.

I'd also note that this mortgage was arranged for Mr D by an independent broker. So, it was for the broker to make sure that the mortgage was suitable for Mr D, and the broker should also have explained that Mr D may not benefit from this fixed rate for a full five years. Barclays' obligation was to provide Mr D with a mortgage offer in the format required by the regulator, and it did that. It was for his mortgage adviser to explain it to him and make sure he understood how his mortgage would work.

I understand why Mr D is unhappy that his rate will be ending sooner than he expected. But I'm satisfied that the mortgage offer clearly set out, in more than one place, when this fixed rate would end. And I don't think Barclays has made a mistake.

Barclays offered Mr D £40 for not responding to his complaint sooner. Complaint handling isn't a regulated or listed activity in our rules. So, I can't consider this part of Mr D's complaint here. If Mr D wishes to accept this offer, he will need to contact Barclays directly.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 12 December 2023.

Rob Deadman
Ombudsman