

The complaint

Mr M complains that he received poor advice from Barclays Bank UK PLC causing him to lose out on a lower fixed interest rate on his mortgage. To put things right he wants Barclays to honour a lower backdated interest rate.

What happened

Mr M has a mortgage with Barclays. His fixed interest rate was ending on 31 October 2022. In June 2022 Mr M took out a personal loan with Barclays in branch. Mr M says that he was advised to book a meeting with a mortgage advisor to discuss consolidating his personal loan at a later date.

Mr M says he was asked by branch staff to provide his payslips for an affordability check, after which an appointment would be booked with a mortgage advisor. Mr M says that he was told that he'd need to prove he was earning a minimum of £3,500 a month and that he was promised a lower interest rate than the one he was currently on.

Mr M says that on the advice of Barclays, he worked extra hours over several months to increase his pay. He says that it wasn't until early October that branch staff agreed to arrange an appointment for him with a mortgage advisor. He said he tried to arrange an appointment sooner on several occasions, but he was refused – because he did not meet the necessary income requirements.

A meeting with a mortgage adviser took place on 12 October, she didn't advise Mr M to consolidate his lending and he was advised to complete a rate switch online. Mr M says he chose to use a different branch instead and was able to obtain a new interest rate through a mortgage advisor on the same day without having to wait months like before.

Mr M complained to Barclays. He says that he was given poor advice and that he acted on what he was told in good faith. As a result, he wasted unnecessary time and missed out on the opportunity to secure a lower interest rate sooner. He says that it was never his intention to consolidate his loan. He should have been told he could have done a simple rate switch sooner and without the need for payslips.

Barclays considered the complaint and upheld it in part. It said that it accepts it took too long in October, to arrange an appointment with a mortgage advisor, and that it took too long to respond to the complaint. Barclays offered Mr M £250 compensation. Barclays didn't agree to honour a backdated interest rate because it didn't think that it prevented Mr M from obtaining a new interest rate sooner than he did. Unhappy with Barclays' response, Mr M didn't accept the offer and he brought his complaint to our service instead.

An investigator at our service looked into things and thought Barclays had fairly settled this complaint. He didn't recommend that it needed to do anything more in the circumstances. Mr M remained unhappy and asked for his case to be decided by an ombudsman.

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 M complains about the advice he says he received from Barclays in branch. Barclays has also provided testimony from branch staff. The staff member in question has provided a different recollection about how his conversations with Mr M went. These conversations are unrecorded as they took place face to face. So it's impossible for me to know for certain what was discussed at the time.

Where the evidence is incomplete or contradictory, as some of it is here, I'm required to reach my decision on the balance of probabilities – that is, what I consider is most likely to have happened, in light of the evidence that is available and the wider surrounding circumstances.

Based on what I've seen, I do think it's possible that the option of consolidating Mr M's personal loan was discussed as he describes. It's correct that to borrow further funds on his mortgage for debt consolidation, Mr M would need to speak to a mortgage advisor to go through a full application – during which Barclays would need to assess his affordability.

Mr M says he was told by branch staff that he needed to earn a certain amount to qualify for further borrowing and a new interest rate on his mortgage. He also says that he was refused an appointment with a mortgage advisor on several occasions. The staff member says otherwise. He says the process for applying for a further advance was discussed but he didn't tell Mr M that he needed to provide documentation for a rate switch only or that he was refused an appointment sooner.

Mr M says he wasted time trying to improve his finances and gathering documentation. He says he never wanted to consolidate his loan and he was wrongly advised to do that in branch – to be told later by the mortgage advisor that this wasn't a suitable option for him.

I appreciate Mr M feels very strongly that he was misled by Barclays. I don't have any reason to doubt his testimony about the conversations he says he had with branch staff as he recalls them. But I've not seen enough to fairly say that Barclays intentionally misled Mr M. Like I've said, information given about the process of borrowing additional funds was likely correctly given, and I think that's where the correlation with supplying payslips applies.

It's also important to note here that the staff member Mr M spoke to in branch is not qualified to provide mortgage advice and so it's not his role to assess affordability for mortgage lending. That's why a meeting with a mortgage advisor was necessary to discuss borrowing additional funds. I've seen no evidence that an affordability assessment was carried out by branch staff – so it's difficult for me to conclude that specific income criteria was discussed with Mr M to the extent that he suggests.

I do think there has been some misunderstanding about what Mr M says he was told the process for obtaining a new interest rate was. I see no reason why Barclays would reasonably refuse Mr M the opportunity to apply for a new interest rate or say that he had to speak to a mortgage advisor to do so. Lending (including securing an interest rate) is also not guaranteed until a customer is issued with a mortgage offer, so whilst current rates may have been discussed, I think it's unlikely an interest rate was verbally promised and, in any way, suggested to be guaranteed for Mr M – because interest rates change all the time, and the branch staff would know that.

In early August, Barclays sent Mr M a letter reminding him that his fixed rate was ending.

The letter said:

"Thank you for having your mortgage with us. Your current mortgage rate ends in October 2022 and will automatically switch to the Lifetime Tracker, as agreed when you took out your mortgage.

Choosing a new mortgage rate can be a big decision, so It's Important to consider all your options.

If you don't feel the Lifetime Tracker is suited to your needs, we are pleased to offer you exclusive mortgage rates from our Reward range. By switching rates and staying with Barclays, there are no legal fees or property valuation fees, and you won't undergo any other Income or affordability assessments.

If you're happy choosing a new mortgage rate without any advice, you can switch easily online. Visit www.barclays.co.uk/rateswitch and take a look at our range of fixed and tracker mortgage rates to get an indication of what your new monthly payments would be.

If you feel you would benefit from advice and would like to book an appointment with one of our mortgage specialists, call us on 0333 202 7578 or speak to an Independent financial adviser".*

Mr M says he never wanted to consolidate his loan, and this should not have been suggested to him. Based on what I've seen, and everything I know about Barclays' processes in general, I think it's likely the reason Mr M was likely offered an appointment with a mortgage advisor was because he'd enquired about possible further borrowing – not solely to do a rate switch. I appreciate Mr M was later advised against consolidating his loan, but the outcome of the mortgage advisor's recommendation could not be foreseen by branch staff. As I've said it was not the staff member's role to assess mortgage suitability and/or affordability.

If Mr M didn't want to consolidate his loan as he suggests, it's important to note here, that when Barclays wrote to him in August, he was given enough information to know that he could apply for a rate switch online or over the phone – without the need for an appointment or an affordability assessment. So despite what Mr M says he was told, there was nothing preventing him from exploring a new interest rate sooner than he did. And I'm satisfied that the letter made his options clear.

Barclays accepts that it took longer than necessary to arrange an appointment with a mortgage advisor in October 2022. That's the soonest it had record of Mr M asking for an appointment with a mortgage advisor. It upheld this part of the complaint and offered Mr M £250 compensation. Considering everything I think this is fair and reasonable in the circumstances and fairly reflects the delay experienced of a couple of weeks. I've seen nothing to suggest Mr M was refused a sooner appointment.

I appreciate Mr M is unhappy with his current interest rate. In October 2022 he opted for a variable interest rate that tracks 1% above the Bank of England base rate for two years until 30 November 2024. As I've explained there was nothing preventing Mr M from exploring a new interest rate sooner than he did and I can't reasonably hold Barclays responsible for any interest rate rises during this time or expect it to honour a backdated interest rate in the circumstances.

My final decision

Barclays Bank UK PLC has already made an offer to pay £250 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 Mr M £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 25 January 2024.

Arazu Eid
Ombudsman