

The complaint

Mr O has complained about the time he had to spend trying to switch the interest rate product on his mortgage accounts held with Barclays Bank UK PLC. Mr O would like Barclays to compensate him for financial loss, distress and inconvenience.

What happened

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr O being identified.

In addition, Barclays has accepted that there were customer service failings, and so I don't need to analyse the events in depth; all I need to decide is what the bank needs to do to put things right. In this respect, Barclays has agreed with the compensation recommended by the investigator, but Mr O has not.

I will therefore concentrate on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Briefly, while Mr O was trying to arrange a new interest rate product for his mortgage (held on two account numbers, ending 7056 and 1708), to take effect from 1 November 2022, he was given contradictory information by the bank, didn't receive documents via the docusign (electronic signature) service and he had to spend a lot of time trying to resolve the matter.

Frustrated with Barclays, Mr O went to a broker to arrange a new product, but when Barclays said it would offer him the rate he wanted, he cancelled the broker application, but then Barclays said it wasn't able to do this on the 1708 account, as the application had been made for only the 7056 account.

Mr O decided to redeem the 1708 account in October 2022, taking a cash advance on his credit card in order to do so. The amount required to redeem the mortgage was £8,816.51. Barclays subsequently agreed the rate that Mr O had applied for in July 2022 and backdated this to 1 November 2022. Because the 1708 account had already been redeemed, it applied only to the 7056 account.

Mr O complained, and Barclays agreed it could have done better. The bank offered Mr O £250 compensation for distress and inconvenience. He rejected this and brought his complaint to our service. Mr O said he'd incurred credit card fees of £837 on the cash advance used to redeem the 1708 account. Mr O also said he'd spent hours trying to resolve the matter, and that he earns £50 an hour which Barclays should compensate him for.

The investigator noted that the issue relating to the interest rate had been resolved, with the rate of 3.06% Mr O had wanted being applied from 1 November 2022.

The investigator noted that the amount Mr O had withdrawn from his credit card was £18,600 – which was far in excess of the £8,816.51 needed to redeem the 1708 account. He thought Barclays should reimburse the cash advance fee on a pro-rata basis and pay interest on this at 8% simple per annum. The investigator also thought the £250 compensation was fair and reasonable.

Barclays agreed to this, but Mr O did not. He agreed with the £250 for distress and inconvenience, but is insistent that he should receive the full amount of the cash advance fee of £837 on his credit card, notwithstanding that he had withdrawn almost £10,000 more than the amount needed to redeem the 1708 account.

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.

Having done so, I am glad to note that Barclays has acknowledged that its service fell below the standard Mr O was entitled to receive.

The only outstanding issue I need to decide is what redress should be paid for this.

Putting things right

Mr O has agreed with the compensation of £250 for distress and inconvenience. I will clarify, in relation to Mr O's earlier claim for compensation to be paid at his hourly rate, that we do not award compensation in the same way as a court. Our awards are not intended to be punitive, and in this case I'm satisfied that £250 is fair, reasonable and proportionate to the inconvenience caused to Mr O.

Given that Mr O only used approximately 47.4% of the cash advance of £18,600 to redeem the mortgage, I do not think it would be fair for Barclays to be ordered to reimburse the full amount of the cash advance fee.

In the circumstances, I am satisfied that the bank should reimburse Mr O with 47.4% of the cash advance fee of £837 (which I calculate to be £396.78), together with interest on that sum at 8% simple per annum* from 1 October 2022 to the date of payment.

* If Barclays considers that it is required by HM Revenue & Customs to withhold income tax from any interest, it should tell Mr O how much it has taken off. Barclays should also give Mr O a tax deduction certificate if requested, so the tax can be reclaimed from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold this complaint. In full and final settlement I direct Barclays Bank UK PLC to settle the complaint as set out above. I make no other order or award.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any correspondence about the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 5 December 2023.

Jan O'Leary
Ombudsman