

The complaint

Mr M's complaint is about a buy-to-let mortgage he has with Barclays Bank UK Plc. He is unhappy that the interest rate product attached to the mortgage, which he was told would run for exactly two years, ended less than two years after the mortgage advance was paid out.

Mr M has asked that he be compensated for having to switch to a new interest rate product, with a higher rate, earlier than he should have needed to.

What happened

Mr M applied for his mortgage in the autumn of 2020. The application was accepted, and he was sent a mortgage offer on 23 March 2021. This detailed that until 31 May 2023 the interest on the mortgage would be fixed at 2%. Mr M accepted the mortgage offer. There were then delays in the progress of the house purchase and it didn't complete until September 2021.

Mr M complained when he was sent a reminder that the interest rate product would be ending in May 2023.

Barclays responded to the complaint in its letter of 31 January 2023. It highlighted that the mortgage offer said throughout the product would end on 31 May 2023. The reason that was less than two years from the point the advance was made, was because there were delays in the mortgage starting. As Barclays hadn't made a mistake about applying the product as it had, this part of the complaint was rejected. However, it accepted Mr M's recollection about what he had been told by its mortgage adviser and said the mortgage adviser telling Mr M what he had recounted, would have represented poor service. Barclays offered Mr M £50 for any distress or inconvenience he may have suffered for being given incorrect information.

Mr M wasn't satisfied with Barclays' response and referred the complaint to the Financial Ombudsman Service.

As the mortgage was for a buy-to-let (BTL) mortgage, Barclays has confirmed that it did not offer advice to Mr M. This is confirmed on the mortgage application. It has also confirmed that the application was completed over the telephone with one of its branch-based mortgage advisers. No recordings of the conversations are available as the mortgage adviser was using his mobile phone for such calls at the time. However, the adviser was asked for his comments. He has confirmed that he doesn't remember the individual customer, due to the passage of time. The adviser highlighted the application was completed on a non-advised basis and he confirmed that he would not have advised the end date shown on the offer was for information purposes.

One of our Investigators considered the complaint, but she didn't recommend that it be upheld. She was satisfied the information Mr M was given clearly showed the end date of the product and there was a lack of supporting evidence that he had been told the product would end at any other point.

Mr M asked that the complaint be escalated to an Ombudsman. He highlighted that Barclays had upheld the complaint about him being given incorrect information and reiterated that he had been told the date on the mortgage offer was for illustrative purposes only.

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 took out the mortgage in question without advice, which means that Barclays would have provided him with information about the mortgage and product, but it would not have assessed whether they were suitable for him. That does not, however, mean that there would have been no discussion between Mr M and the mortgage adviser about how the product he had asked for would work.

I would at this point explain to Mr M that lenders will borrow funds to be able to lend to their customers and provide interest rate products. The lender will have borrowed the money for a set period of time and has to repay it at the end of the borrowing term. As such, such products will be available for a relatively short period of time and once all the money within the lending tranche is reserved, the rate will be withdrawn. While such products will have a notional term attached to them, in this case two years, the product will actually have an end date that relates to the end date of the lender's borrowing. This is always the case with such products and so the lender will detail an end date for the rate in the mortgage offer. The end date is usually more than the notional term of the product to give the borrower time to accept the offer and complete on the property purchase.

That was the case for Mr M – the end date was two years and two months in the future. It appears the reason the product ended less than two years into Mr M's mortgage term was because there were delays in the purchase of the mortgaged property. This would not have been anticipated at the time the mortgage offer was made and is not something that was in Barclays' control.

Mr M has acknowledged he knew the mortgage offer detailed an end date for the product of 23 May 2023. However, he has said that the mortgage adviser told him that he could ignore the date, as the product would last for two years from the date of the mortgage advance.

As I have detailed above, the mortgage adviser in this case has been asked for his recollections of the discussions, and he has confirmed he doesn't have any. That isn't surprising given the passage of time and the number of customers he would have spoken to since. However, the mortgage adviser would have been very aware of how such products work, and that a mortgage offer is a legally binding document. It is unlikely he would have told Mr M to ignore the documented end date of the product.

To uphold this complaint I must be persuaded that Mr M's recollection of events is more likely than Barclays' and what would be normal industry practice. I am not persuaded that is the situation in this case. That is not to say that I doubt Mr M has given us his genuine recollections of events, but simply that his recollections are not *more* persuasive than the evidence Barclays has provided and what we know about how such products work.

Mr M has highlighted that Barclays paid him £50 compensation, and therefore, admitted that it had misled him. I have read that section of the final response letter several times and it is clear that Barclays made that offer solely based on what Mr M told it, because it didn't have a recording of the call. However, Barclays has since completed further investigation into the situation and when reaching my decision I have to take all of the information and evidence provided into account. As such, I don't consider Barclays' comments and offer of £50 alters

the conclusion I have reached based on all the evidence available. That said, Barclays has not said that it has withdrawn the offer it made to Mr M in light of the new evidence, and so he may wish to contact Barclays if he wishes to accept the offer made.

My final decision

My final decision is that I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I am required to ask Mr M to accept or reject my decision before 29 December 2023.

Derry Baxter
Ombudsman