

The complaint

Mr B complains that Barclays Bank UK PLC gave him a fixed rate mortgage product for a term longer than the year he wanted it fixed for.

What happened

Mr B has a mortgage with Barclays and in 2021 contacted the bank to renew his mortgage product. He applied on-line for a one-year mortgage product starting 1 November 2021. In October 2022 Mr B spoke to Barclays about a further fixed rate product as he understood the product would be up for renewal in November. Mr S was told that his product was fixed until 28 February 2023, a longer term than one year, by which stage Mr B believed that interest rates would increase.

Barclays says that the rate end date on the mortgage product was 28 February 2023 and not October/November 2022. It says that Mr B was informed about this on the mortgage offer – although this was sent to the wrong address, but also on a Revised Payment Notice (“RPN”) and also on the Mortgage Year End statement. Barclays said that sometimes as here the rate end date surpasses the term. But for sending the mortgage offer to the wrong address it offered compensation of £100. Our investigator didn’t recommend that this complaint should be upheld as he felt that Mr B should have been aware of the length of the fixed term. Mr B disagreed saying in summary that Barclays lied about their one-year fixed mortgage, and he was never told about the correct end date.

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 B’s complaint is that he had asked for and understood he had got a one-year fixed rate product which would have a term of one year. As it began in November 2001, he understood it would end in October 2022. Barclays says that its one-year products aren’t always for a precise term of one year. It says the rate may be available over a period of months but will have the same end date so that may be a year or as in this case longer.

The question really is one of whether Mr B was informed of the end date when he took the product out. Mr B assumed it would be one year as it’s a one-year product but refers to no written document to support this assumption. Nationwide says that the end date was contained in documents that Mr B should have read before he committed himself to the product.

The application was made online, and the question is whether Mr B was alerted to the end date in that process. Nationwide has provided screenshots of a typical customer’s journey through the application process. As part of this journey, Mr B is asked to read a mortgage Information sheet which tells him what the end date is and confirms that he has read it before the process allows him to commit to a mortgage product. The journey ends with a page saying that the mortgage offer, and other documents are in statements and documents in his app and online banking.

It seems to me that Mr B couldn't have made his application without the system generating a mortgage information sheet which tells Mr B the end date of his mortgage product. The document I've seen gives an end date of 28 February 2023. I don't see Mr B to say that this document had a different end date. So, If Mr B had read the document as he confirms he did as part of the app journey, he would have known that the end date was February 2023 not October/November 2022. Mr B says I'm being shown a different customer journey than the one he experienced in 2021. But I would have thought that it is in Barclays interests to show the mortgage information sheet to Mr B before he agreed the product and that it would be available to him in 2021. There is no advantage in not showing it and the end date on the sheet is consistent with the mortgage offer so I consider it's likely that the mortgage information sheet that I've seen which contains the end date of February 2023 is the one that Barclays made available for Mr B to view during the application process.

My view is that whatever Mr B's initial assumptions were about the term of the mortgage product, that this documentation would have told him the length of the term and he then proceeded to take out the mortgage product with that knowledge. As Mr B then took out the mortgage product with the term ending on 28 February 2023 which Barclays had told him about, I don't consider it fair to require Barclays to alter the term.

I appreciate that the mortgage offer was sent to an incorrect address although it seems that it was also held on the app. But Barclays then says that the payment notice or RPN which says what the new payments are to be with the new rate was sent to the correct address on the same date as the mortgage offer and the RPN that I've seen says that the rate end date is 28 February 2023. The RPN I've seen is dated 1 November 2021 and sent to the same address as on the complaint form. I know Mr B didn't get the mortgage offer - which has a different address to the address on the complaint form, but the RPN is sent to him. This is a significant document telling Mr B about the change in interest rate and also that this interest rate will last until February 2023. So, I consider that at the time that Mr B agreed the new mortgage product Barclays had provided sufficient information that should have alerted Mr B as to the length of term of the mortgage product.

Mr B can show me no alternative documentation to support what he believes that the term was to end in October or November 2022. We would expect Mr B to acquaint himself with the relevant information provided by Barclays to ascertain what the actual term was. I'm satisfied that Barclays provided sufficient information to alert Mr B as to the date that the rate ended. As Mr B agreed the mortgage product on that basis I can't fairly ask Barclays to amend the mortgage term or uphold that part of the complaint. But I do accept that the mortgage offer was sent to an incorrect address and that Mr B should be paid compensation of £100 for Barclays's failure to amend its records and send the offer to the correct address.

My final decision

Barclays Bank UK PLC has already made an offer of £100 to settle this complaint and I think that this offer is fair in all the circumstances. So, my decision is that the bank should pay Mr B £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 September 2023.

Gerard McManus
Ombudsman