

## **The complaint**

Mr and Mrs M complain that Barclays Bank UK PLC didn't agree to waive an early repayment charge (ERC) when they switched interest rate products.

## **What happened**

Mr and Mrs M had a mortgage with Barclays. They'd taken out fixed interest rate products which applied until July 2023. These products included an ERC.

Mr M contacted Barclays in mid-2022. He wanted to take out a longer-term fixed interest rate product, to protect their future financial well-being. He says it's unfair for Barclays to apply the ERC of £12,000 if they switch products. Mr M says Barclays should take into account that they were acting responsibly, staying with Barclays and moving to a higher interest rate over a longer term. So Barclays wouldn't be losing out by allowing the switch.

Our investigator said Barclays had applied the ERC in accordance with the product terms. She said it had given Mr and Mrs M clear information about the ERC, and she couldn't fairly require it to waive or refund the ERC.

Mr and Mrs M didn't agree and asked that an ombudsman re-consider the complaint.

## **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 and Mrs M took out a mortgage with Barclays in 2018. They chose a five-year fixed interest rate product which expired in July 2023. Barclays sent a mortgage offer which set out the product terms, which included an ERC if the mortgage was repaid during the product term. The amount of the ERC and when it applied was set out clearly. Mr and Mrs M took out further borrowing in 2020, with a product with an ERC which expired in July 2023.

Mr and Mrs M agreed to the ERC when they took out the fixed rate products.

It's clear from the complaint raised by Mr M in 2022 that he knew an ERC would apply if they switched to a new product. Mr M said this was unfair and wanted Barclays to waive the ERC. He said they'd go ahead with the product switch regardless as he was concerned that interest rates would further increase by mid-2023.

Barclays sent a redemption statement in late 2022 which set out the ERC of about £12,000.

In January 2023 Barclays told Mr and Mrs M it had extended the rate switch "booking window" to 180 days. It said Mr and Mrs M could book a new rate from 2 February 2023 without paying an ERC. Barclays said they wouldn't be able to switch to the rate they'd chosen in August 2023 without paying an ERC.

I think Barclays gave Mr and Mrs M clear information about the ERC and their options for taking out a new product without incurring the ERC. It was for Mr and Mrs M to decide what

was best for them, from the available options.

This didn't include the option Mr M wanted – to take out the product he'd chosen in August 2022 without paying an ERC. And I understand the reasons he's given for why he says Barclays should have allowed this.

I appreciate that Mr and Mrs M will be disappointed. But I think Barclays is entitled to apply the terms of the product that Mr and Mrs M agreed to, including applying the ERC if they repay the mortgage or switch products during the product term. Barclays didn't have to waive the ERC so that Mr and Mrs M could switch products early and I don't think it's fair and reasonable to require it to do so.

Barclays paid £200 for upset and inconvenience caused by the way it dealt with the complaint. I think this is fair and reasonable in the circumstances.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 9 January 2024.

Ruth Stevenson  
**Ombudsman**