

The complaint

Mr and Mrs L's complaint is about their mortgage account with Barclays Bank UK PLC. Mr and Mrs L say that, during a 'live chat' with Barclays they were in the process of negotiating a new interest rate when the chat was ended by the bank.

To settle the complaint, they would like Barclays to offer them a new interest rate product with no fees or early repayment charge (ERC), at a rate which is fair to both parties, and backdated to October 2022, or to allow them to continue on the fixed interest rate they were previously on (which expired in October 2022).

What happened

The evidence in the case is detailed, running to several hundred pages of documents. I've read everything, and it's apparent that some parts of the evidence are less relevant to the underlying case than others. There are also a lot of duplicated documents and repetition of arguments. In what follows, I have, by necessity, summarised events in rather less detail than has been presented.

No discourtesy's intended by that. It's a reflection of the informal service we provide, and if I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint. This approach is consistent with what our enabling legislation requires of me. It allows me to focus on the issues on which I consider a fair outcome will turn, and not be side-tracked by matters which, although presented as material, are, in my opinion peripheral or, in some instances, have little or no impact on the broader outcome.

Mr and Mrs L have a mortgage with Barclays taken out in 2015. At the time of the complaint in September 2022 the mortgage was on a fixed rate of interest which was due to expire in October 2022, following which the mortgage would switch to a lifetime tracker rate. Mr and Mrs L were thinking of selling their property and so didn't want a new fixed rate with an ERC, nor the tracker rate (which would increase their payments) so they contacted Barclays.

I understand there had been a live chat with the bank, although the precise date of this isn't specified. Mr L said that during this chat he was in the process of negotiating a fixed rate of about 2.49% with no ERC, when the live chat was disconnected. Mr and Mrs L spoke to Barclays on 12 September 2022, but were told that they would need to apply online for a new rate. Mr and Mrs L were also told that they couldn't remain on their existing rate once it expired.

Mr and Mrs L tried to speak to a mortgage adviser in a branch, but weren't able to. They also tried to call the bank and engage again in the live chat, but it wasn't until 12 October 2022 that Mr and Mrs L were able to speak to the bank. Mr and Mrs L complained to Barclays.

Barclays wasn't able to find a record of the live chat when Mr L said he'd negotiated a new interest rate, but said that, in any event, it was not possible to fix a new interest rate product via live chat; this could only be done through an online application or by speaking to a

mortgage adviser. Barclays also said that it doesn't offer fixed rate products that have no ERC, only its Standard Variable Rate or certain tracker rates. Barclays noted that, during the phone call on 12 September 2022 Mr and Mrs L were provided with the online link so they could apply for a new rate, but they didn't make an online application.

Barclays acknowledged Mr and Mrs L had tried to call the bank on 29 September 2022, that a second live chat (after 12 September 2022) had been disconnected, and noted that Mr and Mrs L had gone into a branch to book a mortgage adviser appointment on 13 October 2022. But Barclays said that Mr and Mrs L could have booked a new rate from 12 September 2022 via the link they'd been sent.

Barclays offered £50 to compensate Mr and Mrs L for the long call waiting times on 29 September 2022, and for the second live chat being disconnected.

Unhappy with Barclays' response, Mr and Mrs L raised their complaint with our service.

The main issue in their complaint is that Mr and Mrs L say that during the first live chat (the one that took place before 12 September 2022) Mr L was negotiating a new rate with the bank, a fixed rate of 2.49%. At the point of negotiating the ERC (because he and Mrs L wanted to sell the property and so didn't want to pay an ERC) the live chat was disconnected.

Mr and Mrs L say that to put things right they want Barclays to consider that both parties have a say in a mortgage agreement. They believe the bank is being unreasonable by failing to negotiate with them to agree terms that are fair to both parties.

Mr and Mrs L are also unhappy about how difficult it has been to speak to someone in the bank face-to-face. They are unhappy about local branch closures and say that for blind customers this has resulted in accessibility issues, and they are asking the Financial Ombudsman Service to provide support for them. Mr and Mrs L want Barclays to honour the rate Mr L was discussing (which he says was 2.49%) before the live chat was disconnected.

An investigator looked at what had happened. The investigator noted that the record of the first live chat wasn't available, but she explained that Barclays didn't offer any fixed rate products that had no ERC. The investigator also concluded that Barclays couldn't arrange new rates via live chat. She also found that Mr and Mrs L had known since 22 August 2022 – when they were sent a letter about expiry of their old rate and how to arrange a new one – that they could have booked this online.

The investigator also noted that there were no fixed rate products under 3% available in August or September 2022, and none without ERCs. The only ERC-free rates were tracker rates, which are variable.

After 12 September 2022, because of the length of time Mr and Mrs L were holding to speak to the bank on several occasions, and because another live chat was disconnected, the investigator thought Barclays should increase the compensation to £150.

Neither Mr and Mrs L nor Barclays accepted this.

Barclays reiterated that it hadn't been able to search its records for the live chat where Mr L said he was offered a new rate. However, the bank confirmed that the chat begins with a message explaining that the chat is not secure, and a warning not to disclose personal information or account numbers. Barclays was therefore satisfied that it would have been apparent to Mr and Mrs L that they couldn't complete a rate switch through live chat.

Barclays also noted that Mr and Mrs L were made aware on 29 September 2022 that there was a 63-minute wait on live chat, and the chat was disconnected after five minutes. An hour later Mr and Mrs L contacted the bank again through live chat and asked for a call back. Barclays said live chat advisers don't call customers, and that customers have to call the bank instead.

Barclays didn't agree, therefore, that additional compensation was warranted.

Mr L said that the original live chat when he was negotiating a new rate took place in about June or July 2022. Mr L also provided screenshots of what he claimed were mortgage interest rates that were available in August 2022 (1.75%) and September 2022 (2.25%).

Mr and Mrs L said they have no record of being sent a guest link to apply for a new rate, possibly due to Barclays' IT issues, or problems Mr L has had accessing emails. They also say that Barclays contacted them about their arrears, and so the bank owed them a duty of care to contact them to negotiate a new rate.

They reiterated their difficulties in getting help in a branch, and that the bank has now admitted liability by allowing them to change the mortgage onto a new product with no ERC. Mr and Mrs L said that they'd paid £12,000 to Barclays over the past year, which they cannot afford.

The investigator reviewed the case again in the light of what both Mr and Mrs L and Barclays had said. Having done so, she noted that on 12 September 2022 Mr L had told Barclays that the live chat was 'the other night', so wasn't persuaded it was June or July. Although Barclays had searched for it, the bank hadn't been able to find any record of this live chat.

She also noted that Mr L had been told he'd need to apply online, via an email link or through a mortgage adviser. Mr L chose the email link, which Barclays sent to his Hotmail address, after confirming with Mr L that this was the correct email address to use. The investigator clarified that Barclays' rates aren't subject to negotiation, and so it wasn't possible for Mr and Mrs L to have taken a fixed rate without an ERC.

With regard to the interest rate details Mr L had provided, these weren't mortgage interest rates, but were Barclays' Base Rates.

The investigator was satisfied that the difficulties Mr and Mrs L had in contacting Barclays in late September 2022 were as a result of the mini-budget on 23 September 2022. This was an exceptional circumstance, outside the control of Barclays. Overall, the investigator thought the £50 Barclays had originally offered was fair and reasonable.

Mr and Mrs L didn't accept this, and asked for an ombudsman to review the complaint. Mr L said that he's not had access to the Hotmail account for months. In addition, Mr and Mrs L have reiterated all the points they've previously made about why they believe Barclays has treated them unfairly. They say that the Financial Ombudsman Service is intimidated and controlled by the banks, and that maybe a judge and jury is the best way to resolve the matter.

Mr and Mrs L say that the Government caused the turmoil that made it impossible to contact the bank and that it's not fair that they are being held accountable for Barclays' disarray. They want Barclays to provide *"an appropriate profit margin to make it fair for both parties"*. Mr and Mrs L have reiterated that Barclays owes them a duty of care.

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.

I confirm I've read everything provided by both Mr and Mrs L and Barclays, and I've listened to the call recording from 12 September 2022 when Mr L discussed the mortgage with Barclays.

Having done so, I'm afraid I have disappointing news for Mr and Mrs L; I'm not upholding the complaint. These are my reasons.

I will begin by explaining that I don't have the power to tell Barclays what interest rate products it should offer to customers, or dictate how these are structured. For fixed interest rate products, Barclays (in common with other lenders) borrows funds in the money markets at specific rates of interest and as a result is able to offer those funds at fixed rates to borrowers. If the funds are repaid early, there is a cost to Barclays, and so for that reason an ERC is applied. If a customer wants a fixed rate, then they also have to accept that there will be an ERC if they repay the loan during the fixed rate period.

I know Mr and Mrs L attach considerable weight to the live chat Mr L had with Barclays before the call on 12 September 2022. The date of this is unknown – Mr L told Barclays on 12 September 2022 it was 'the other night', but has also told our investigator it was in June or July 2022. Mr and Mrs L consider this to be crucial to their complaint, because they say that it was during this live chat that Barclays agreed to put them on a rate of 2.49% and to negotiate with Mr L about removing the ERC.

However, Barclays doesn't negotiate individual rates with customers, nor is it possible for customers to opt out of the ERC on a fixed rate mortgage interest rate product. So although I appreciate Mr L might have thought he could persuade Barclays to waive the ERC and that the bank was about to do this before the live chat was disconnected, this would not – and could never – have happened.

I fully appreciate the dilemma Mr and Mrs L were in – they wanted to sell their property and so didn't want to be tied into a fixed rate with an ERC. They also didn't want to pay a product fee or have the increased payments and the unpredictability of a variable rate of interest. But the only products with no ERC that Barclays offered were variable rates, and the only fixed rates offered came with an ERC.

I'm satisfied Mr L confirmed to Barclays that his Hotmail account was the correct one to use. In the circumstances, I can't hold the bank responsible if Mr L wasn't able to access the email Barclays sent with the link to apply for a new rate.

The screenshots of interest rates Mr L supplied us with which he says were mortgage interest rates offered to customers in August and September 2022 are not, in fact, mortgage rates. They are Barclays' base rates, which at that time were the same as the Bank of England Base Rate of 1.75% from 4 August 2022 and 2.25% from 22 September 2022.

I accept that Mr and Mrs L had difficulty contacting Barclays in late September 2022. As Mr and Mrs L acknowledge, the mini-Budget on 23 September 2022 had resulted in a swift rise in interest rates, which in turn caused issues, not just for Barclays, but for all mortgage lenders, in trying to cope with unprecedented numbers of customers wanting to take out a new interest rate product.

I note that calls Mr and Mrs L made were disconnected. However, many mobile networks will disconnect calls after a certain period, so it is just as likely that calls were cut off by the mobile provider as it is that they were by Barclays. The bank's records also show that Mr and Mrs L terminated a live chat after five minutes. Although I have no doubt that Mr and Mrs L were trying to contact Barclays in late September, the fact remains that they were aware they could have applied for a new rate online, and had been sent a link to the email address Mr L confirmed with Barclays to enable them to do so.

Overall, and taking into account all the circumstances of this case, I think that the £50 offered by Barclays for the inconvenience caused to Mr and Mrs L when they were trying to contact the bank is fair and reasonable, and I'm not going to ask the bank to do anything further.

Further points: I've noted what Mr and Mrs L told us on their complaint form – that branch closures have made it difficult for blind customers to access banking services. Mr and Mrs L haven't asked Barclays (or our service) to make any adjustment in communicating with them because of visual impairment. But I'm not persuaded that Mr and Mrs L were prevented from contacting Barclays or accessing banking services due to any visual impairment. Barclays will be aware of the need to make reasonable adjustments for customers with disabilities, so if Mr and Mrs L need the bank to do this, they should let Barclays know what adjustments they require to accommodate any disability.

Mr and Mrs L have also explained that they are experiencing financial hardship, and I note the mortgage is in arrears. I am sure this is very worrying for Mr and Mrs L. Barclays is under a regulatory obligation to assist customers in arrears. The starting point is that lenders have a duty to treat all customers, but particularly those facing financial hardship, fairly. Balanced against that, one of the fundamental principles underpinning the mortgage contract is that a lender has the right to receive payment of the money owed to it.

The Mortgages and Home Finance: Conduct of Business Sourcebook (known as MCOB) sets out at MCOB 13 what lenders are required to do to help borrowers in arrears. A lender is required to explore ways to resolve an arrears situation, especially if the problem that created the arrears to begin with is one that looks to be short-term and capable of being resolved.

For example, short-term difficulties might be a period of unemployment or illness where the borrower is due to return to work. In this case, Mr and Mrs L say they want to sell the property, so if they have found a buyer and are able to provide the bank with evidence from their solicitors that the sale is progressing, Barclays might be able to offer them some 'breathing space' while the sale is going through.

For long-term difficulties, a lender must also look at other ways to help, such as transferring a mortgage from capital and interest repayment to interest-only for a period of time, deferring interest for a period of time or capitalisation of arrears. Balanced against that is the lender's obligation to ensure that any arrangement is affordable and sustainable.

If Mr and Mrs L are struggling with their mortgage, they should speak to Barclays to see what help can be given. Alternatively, Mr and Mrs L might want to discuss their situation with one of the free debt advisory services such as StepChange, Citizens Advice or Shelter. We can provide Mr and Mrs L with contact details for those agencies, if they'd like us to.

My final decision

My final decision is that, if it has not already done so, Barclays Bank UK PLC must pay Mr and Mrs L £50 compensation for distress and inconvenience. 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 discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs L to accept or reject my decision before 6 February 2024.

Jan O'Leary
Ombudsman