

The complaint

Ms P and Mr R complain that they took out an offset mortgage with Barclays Bank UK PLC in 2012 but the bank now tells them that it isn't one. Ms P and Mr R would like Barclays to convert their mortgage to the offset mortgage they understood they were on.

What happened

Ms P and Mr R took out an interest-only mortgage what they understood was an offset product with Barclays in October 2012. The mortgage had a linked bank account which normally accompanies an offset product. Ms P and Mr R contacted Barclays in October 2022 to confirm that it was an offset mortgage and that was confirmed together with information about how it would operate. As a result, Ms P and Mr R deposited £41,010 into the bank account on 9 November 2022 expecting the offset. But Barclays withdrew the full amount for their mortgage interest payment on 16 December 2022 without any benefit of offset. On enquiry as to why this happened, Ms P and Mr R were reassured that this was an offset mortgage but then later were told it wasn't. Ms P and Mr R were advised to contact their broker at the time in 2012 but the broker retained no records.

Barclays says that its records don't show that Ms P and Mr R ever applied through their broker for an offset mortgage. It offered to compensate Ms P and Mr R £200 for the period that they had their money in the account expecting an offset and £200 for their distress and inconvenience. Our investigator thought that this was fair as there was no evidence that this was an offset mortgage. Ms P and Mr R asked our investigator to investigate a product code and said that if there was a mortgage reserve and linked account it should be an offset mortgage.

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.

In order to decide this complaint, I've looked at the written evidence to see if it supports Ms P and Mr R's belief that they had an offset mortgage. I've looked at the mortgage offer dated 31 October 2012 and if this was an offset mortgage I'd expect to see in the mortgage offer mention of an offset facility but there is none. There is reference to a Mortgage Current Account and Reserve Facility which often accompany offset mortgages. But the mortgage offer doesn't say that they could be used in conjunction with an offset facility. In this case they are available for the possibility in the future of the borrowers applying to increase their borrowing and accessing a reserve facility through the mortgage current account. There is simply no mention of any offset facility. The product code that Ms P and Mr R asked us to investigate isn't an offset product code.

The problem here is that Ms P and Mr R have no documentation that supports their case. The mortgage offer simply doesn't record an offset facility which it would do if there was one. I appreciate that they were told by Barclays in 2022 that they had such a mortgage but that, on the evidence, was an error on the part of the employees of Barclays that Ms P and Mr R spoke to. So, I can't uphold the main part of their case and I can't fairly require Barclays to

convert this to an offset mortgage. I accept that Ms P and Mr R were misinformed when they contacted Barclays in 2022 possibly because as I say above the mortgage they got has certain features in common with an offset mortgage except the offset facility. Crucially that's not there. So, I don't require Barclays to do anything further except to pay the compensation offered which I believe is fair in the circumstances.

My final decision

Barclays Bank UK PLC has already made an offer of £400 to settle the complaint and I think this offer is fair in the circumstances.

So, my decision is that Barclays Bank UK PLC should pay Ms P and Mr R £400.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P and Mr R to accept or reject my decision before 9 August 2023.

Gerard McManus
Ombudsman