

The complaint

Mr A and Miss D complain that the two-year fixed interest rate on the mortgage they took out with Barclays Bank UK PLC has only lasted for a year and a half. They said this was mis-sold to them, and they wanted Barclays to extend the term of the fixed rate.

What happened

Mr A and Miss D told us they started a mortgage application with Barclays, through a broker, in October 2021. That property purchase fell through, so they didn't go any further with the application then. In April 2022 they found somewhere else to buy, and asked to update their earlier offer. They got a revised offer, which they said was for a new timeline and a different purchase, on 15 April 2022.

Mr A and Miss D said Barclays had sold them a mortgage it described as "2 Yr Fixed". They started repaying in May 2022, and expected the mortgage to run for two years from that date. So they said they were surprised when their broker contacted them in May 2023, saying their fixed rate only had about another six months to run.

Mr A and Miss D said neither Barclays nor their broker had taken sufficient care to explain that, although the product was sold as a two-year fixed rate, they would only get about one and a half years of the fixed rate. They said they felt this was deliberate mis-selling and false advertising. They'd paid a fee of £999, for a two year fix, and expected to benefit from the chosen rate for the full two years. They accepted that the offer did say the rate end date was 30 November 2023 but they said they didn't understand the rate would run out then. They didn't think that Barclays had made clear that they were buying a non-standard product.

Mr A and Miss D said they were having to remortgage much earlier than expected, and that was putting a strain on their finances. They wanted Barclays to honour the rate it had sold for the full two year period, or alternatively pay back the fee they'd paid for this product, and for Barclays to cover the fee they expected to pay on remortgaging elsewhere.

Barclays said Mr A and Miss D started their mortgage application in October 2021, and their application was submitted by a broker. Because the application was made by a broker, that broker should have explained to them the terms and conditions of the mortgage.

Barclays said its offer set out the relevant details of the product, and it hadn't made a mistake. It wouldn't extend the period of Mr A and Miss D's fixed rate.

Barclays has told our service that all of its fixed interest rate mortgage deals have a pre-set end date, and that's explained in the offer itself. It said it explains this to people who obtain mortgages direct from it, but when a broker makes the application, then the broker is responsible for that.

Our investigator didn't think this complaint should be upheld. He said that most lenders set out their mortgage offers with a pre-determined end date, and Barclays had set out in the offer that there was a fixed end date here. Our investigator said he was satisfied that was

clear, and it was Mr A and Miss D's responsibility to read the offer. He also noted that, as Mr A and Miss D took out the mortgage through a broker, it was the broker's responsibility to explain the terms of the selected product, not Barclays' responsibility.

Mr A and Miss D didn't agree. They said that this mortgage didn't vary by just a month or two, it fell short of the agreed period by six months. They didn't think Barclays should be able to advertise, and charge a fee for, a product when it knew it wouldn't deliver 25% of the value of the product. They didn't think the language in the offer was clear about this, and didn't think they should be responsible for picking up on the small print, especially as they were first time buyers. They thought this should be much clearer, and wanted our service to review this practice overall, not just for their case.

Because no agreement was reached, this case then came to me for a final decision.

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've reached the same overall conclusion on this complaint as our investigator.

I should start by saying that the practice of having a pre-determined end date for the fixed rate on a new mortgage isn't at all unusual for mortgage lenders. Mr A and Miss D said they'd been sold a non-standard product by Barclays, but I don't think that's the case.

I think it's also worth flagging that Barclays is right to say it wasn't responsible for explaining this mortgage product to Mr A and Miss D. They took out this mortgage with the help of a broker. And it's that broker who is responsible for making sure this mortgage was suitable for Mr A and Miss D. I would expect the broker to explain to Mr A and Miss D how this mortgage works, and deal with any questions on that, not Barclays.

Mr A and Miss D applied for their mortgage in early October 2021. At that time, the end date for the fixed rate for this product was more than two years ahead.

But Mr A and Miss D didn't go ahead with a purchase then. They told us they came back to their broker in April 2022, and asked to update their offer.

Mr A and Miss D didn't make a fresh mortgage application then, they just reactivated an existing application. I don't know if this was the right decision for them, at that time, or not. It may well have been, if interest rates had risen, or if they wanted to complete their planned purchase quickly. But whether it was the right decision or not, I don't think Barclays is responsible for that decision.

So it was now some time after Mr A and Miss D had first applied. The end date for the fixed rate on their planned mortgage was much closer. They've said they don't think it was fair for Barclays to sell this product to them, in these circumstances, when they wouldn't even get close to having the fixed rate on their mortgage for two years. But Barclays wasn't responsible for prompting them on that, and querying whether they would like to start a new application instead. All Barclays was responsible for here, was setting the position out clearly in the offer it produced. And I can see it did so.

I understand that Mr A and Miss D were first time buyers, and hadn't anticipated that their mortgage might work in this way. But I do think it was clear from the documentation they

were given, that this is how the mortgage worked. And the document itself sets out for Mr A and Miss D the importance of reading and understanding its content.

I don't think the offer Barclays produced was unclear or misleading. And I don't think it was unfair for Barclays to use a shorthand of "2 Yr Fixed" for this product, where it has also set out the end date for the fixed rate.

I know that Mr A and Miss D will be very disappointed by my decision, but I don't think this complaint should be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Miss D to accept or reject my decision before 2 May 2024.

Esther Absalom-Gough
Ombudsman