

complaint

Mr M complains that Barclays Bank Plc (“Barclays”) gave him a two year fixed rate product on his mortgage when he wanted a five year fixed rate.

background

In 2014 Mr M remortgaged his property with Barclays. The mortgage is for a term of five years, so it will, assuming Mr M makes all the payments, be paid off in 2019.

However the mortgage product that Mr M took out had a two year fixed rate, so although the payments will be fixed until March 2016, after this date, unless Mr M remortgages again, the payments will move onto a variable rate.

Barclays didn't agree that Mr M should be moved to a five year rate. It offered him £100 compensation as it took longer than it should've done to investigate his complaint.

Our adjudicator didn't uphold the complaint. Mr M didn't agree, so the case has been passed to me for a final decision to be made.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I have some sympathy with Mr M's position as the mortgage documents do state that the term is for five years. And I can see that Mr M complained shortly after the mortgage completed, which gives additional weight to his evidence that he wanted a five-year rate.

On the other hand, I can see that this was a mortgage where Barclays advised Mr M to take the two-year rate, and there is evidence that this was discussed with him. Also, Mr M signed the mortgage documentation which, in my view, is clear enough that the fixed rate applies until March 2016.

When I weigh up the evidence, on balance, I don't think it's fair for me to come to the conclusion that Barclays should offer Mr M the five year fixed rate.

However Mr M may well be better off on the deal he is currently on. The two year fixed rate, at 2.35%, was significantly cheaper than the equivalent five year fixed rate that was available when he took out the mortgage. So for the last 15 months, Mr M has been paying less each month than he would've on the five year product. He'll continue to do so until March 2016. And assuming there have been no changes in his financial circumstances, Mr M should, at the end of his fixed rate period, be able to negotiate with Barclays, or indeed another lender, for another fixed rate until the end of the mortgage term.

In those circumstances, because I wouldn't uphold this complaint, I think the offer that Barclays has made of £100 compensation for the delays in the complaint handling is fair and reasonable.

my final decision

I don't uphold this complaint, and I consider that Barclays' offer of £100 is fair and reasonable.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr M to accept or reject my decision before 10 July 2015.

Nigel Hamilton
ombudsman