

The complaint

Ms K and Mr S complain that delays by Barclays Bank UK PLC caused them to lose a favourable interest rate on their new product as the mortgage offer lapsed before they could draw down the loan. They also had to pay a higher interest rate whilst they waited for their new mortgage offer to reissue. Ms K and Mr S would like the extra interest to be refunded and compensation for their distress. They consider Barclays responsible for costing them £5,000.

What happened

Ms K and Mr S had a mortgage with Barclays on a property and wanted to move to a new property with a mortgage from a different lender and let the existing property out on a new buy to let mortgage with Barclays.

Ms K and Mr S say that the delays by Barclays caused the mortgage offer to lapse in April 2021 so that they had to continue to pay interest to Barclays on the follow on rate of 3.84% until they eventually completed in July 2021, instead of the buy to let rate of 1.48%. They feel they should be refunded this extra interest. Ms K and Mr S say that Barclays delay from 16 March to 16 April in resolving the issue of a change of address was crucial to the failure to complete earlier.

Barclays says that the mortgage application was submitted through a broker on 16 October 2020 and reviewed on 28 October 2020 when the broker was informed that Barclays required further information. Barclays say that this wasn't provided in a timely manner and the case wasn't offered until 15 February 2021, valid until 16 April 2021. Barclays says that there were two different amendments to change solicitors and a new offer issued to the new solicitors on 26 February 2021. Barclays says that on 12 March 2021, it was contacted by the original solicitors with Ms K and Mr S's new residential address but Barclays responded to the firm it had on record that Ms K and Mr S had recently appointed. Barclays didn't amend the solicitor's details until the end of March but failed to respond to the request about the change of address until after the mortgage offer expired on 16 April 2021. A new application was logged in on 10 May 2021 and completed on 29 July 2021. Barclays says that that the major reasons for the delays to completion were:

- A four-month delay in the broker providing the information needed for the mortgage to be offered.
- Ms K and Mr S changing their solicitors three times even when they were aware that they were on the follow-on rate.
- Whilst it accepts that it could have responded to the request for the confirmation of address change sooner which was uploaded on 3 April 2021, it says that this was during an unprecedented time for mortgages with the stamp duty holiday being extended and this would have resulted in the customer not completing before their offer expired in any case.

Barclays accepted it didn't respond to this complaint in time and offered compensation of

£150 for that and £200 for not responding to the query from Ms K and Mr S's conveyancer in early April.

Our investigator recommended that this complaint should be upheld in part and that £500 compensation more fairly represented the disappointment suffered by Ms K and Mr S. But he did not accept that Barclays should reimburse the higher interest charged as the main cause of the delay in processing the application lay with Ms K and Mr S. Ms K and Mr S disagreed and asked for a review.

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.

Our investigator provided a timeline of the application which I've summarised below:

Application submitted on 16 October 2020.

Barclays completed a full review on 28 October 2020.

Barclays requested further income documents and requested clarity on other issues on 28 October 2020.

The broker failed to provide the correct documents/information, so the case wasn't actually offered until 15 February 2021. The offer was valid until 16 April 2021.

After issuing the offer - Barclays received two different amendments to the application to change solicitors on 23 February 2021 and a second on 24 February 2021.

Barclays issued a new offer to the latest solicitor on 26 February 2021

On 12 March 2021, Barclays received correspondence from the original solicitors to state Ms K and Mr S's new residential address and requesting confirmation that Barclays were happy with this.

Barclays responded to the solicitors it had on record on 18 March 2021 rather than the solicitors which had issued the request.

On 26 March 2021, Barclays received another email from the original solicitors who were newly appointed regarding the address and again on 31 March 2021. An amendment was also completed on this day to change the solicitors.

On 3 April 2021, Barclays received an email to confirm the amendment was completed to change solicitors and requesting to issue confirmation to that firm that both the correspondence and residential address be updated.

This was not actioned by Barclays and the offer expired on 16 April 2021. The solicitors sent further chasers on 22 April 2021 and 30 April 2021 however the offer had expired at this point.

A new application was logged on 10 May 2021 which was completed on 29 July 2021.

Ms K and Mr S say that they are not challenging the period before February and that the reason the documents weren't provided early was that Barclays required a mortgage offer

from their new lender on their main residence and so the broker didn't take any action until they got the new lender sorted which was the end of January and they say that the period from when the mortgage offer issued on 15 February was clearly Barclays fault.

I have to consider what fault lay with Barclays that Ms K and Mr S couldn't complete on their mortgage before the mortgage offer expired on 16 April 2021. Barclays is a mortgage lender and Ms K and Mr S should expect a reasonable service from the lender. This mortgage application process lasted for an extended period of about six months. That's longer than the normal application process. Although the survey was received on 11 November 2020, the mortgage offer didn't issue until February 2021.

I've read through the timeline of events and note that Barclays appears actively involved throughout. For example, on 4 November 2020, after receiving some documents from the broker, it asked for number of further documents, but these documents weren't uploaded until 14 January 2021. On receiving the documents on 14 January 2021, the case was reviewed by an underwriter and further information was asked for on 15 January 2021. Documents were then received from the broker and on 28 January 2021, because of the information supplied the underwriter had further questions. There were several more relevant emails between the broker and the underwriter – including a request to consider a higher loan before the mortgage offer issued on 15 February 2021.

I would have thought from that stage the loan could have completed subject to the readiness of Ms K and Mr S's conveyancer to do so. It was a remortgage rather than a new purchase. I'm unsure why it didn't complete immediately although there seems to have been a change of solicitors on two occasions for some reason.

The fault claimed against Barclays is that it delayed in responding to a request to change the residential address on a mortgage offer. Barclays received an email on 12 March 2021 from the solicitors who were not then on record for Ms K and Mr S notifying and requesting an acknowledgement of Ms K and Mr S's new correspondence address and Barclays responded by letter on 18 March to the solicitors who were on record for them. Whilst that was unfortunate it's understandable that Barclays would respond to the solicitors it had on record. Barclays accepts that when it later changed the solicitor, it didn't respond in a timely fashion to the firm and paid compensation for the distress caused by it.

My role is decide what's fair and reasonable in the circumstances and to decide whether it was Barclays fault that this matter couldn't complete before the mortgage offer expired. My view is that looking at the application process as a whole that Barclays conducted it in the main in an efficient manner. Ms K and Mr S say that the reason the documents that were asked for in November weren't produced until January is that the broker didn't take action to progress the Barclays mortgage until the mortgage on their main residence had been sorted.

But if I look at the email sent to the broker on 4 November 2021 from Barclays, it asks for a response to seven questions, none of which are replied to until January and only one of which refers to the new property. This is a complaint about delay and Ms K and Mr S are accepting that there was substantial delay on their part in progressing the application. In deciding on the basis of what is fair and unreasonable I would have difficulty in upholding a complaint about delay in favour of a party who accepts that there were responsible for a large part of the delay.

I accept, and Barclays has also, that the bank was responsible for a delay in April in responding to a request and given the reason that it was under pressure because of the approaching end of the stamp duty holiday. But this mortgage offer issued in February. It was a remortgage and so the solicitor could have asked for the funds in February if they were in a position to. It seems to me that if the request for the drawdown of the loan had

been made in February that Barclays would have likely responded in time to drawdown the loan before the offer expired. I say this because Barclays did respond in March although to the solicitor who was no longer engaged by Ms K and Mr S. But if Ms K and Mr S are making the point that it was Barclays delay that caused them to miss out, I have to recognise that Barclays was not in control of the time to complete the remortgage from the date it issued the mortgage offer until they were asked to consent to a change of address. As I say I've no information as to why the remortgage didn't complete during that period but clearly Barclays couldn't be held responsible for any delay during that period. The problem for Ms K and Mr S is that over the extended period of this mortgage application process, Barclays can only be held responsible for a short period of delay.

It seems to me that if the responses from Ms K and Mr S had been prompt or had the solicitors been able to complete soon after they received the mortgage offer, in my view the loan could have completed before the mortgage offer expired. Although there may be valid reasons for the delays on the part of Ms K and Mr S, they weren't the fault of Barclays and so I can't fairly fault Barclays for causing completion to be delayed until after the mortgage offer expired. Nor can I say that Barclays was at fault for any delay in having the new mortgage offer issued and the loan eventually being drawn down. There seems to have been some hold up in Ms K and Mr S making a new application but it should have been clear to them that as the existing mortgage offer had expired that a new application was required and I can't say that there were any unreasonable delays caused by Barclays in respect of the second application.

I know that Ms K and Mr S feel strongly about this but if I look at the process as a whole I can't fairly uphold this complaint but agree that in respect of Barclays failure to respond to their solicitor and failure to respond in a timely manner to their complaint that this would have been distressing for them and that £500 represents fair compensation for that. On that basis I uphold this complaint in part.

Putting things right

Barclays Bank UK Plc should pay Ms K and Mr S £500 less any money already paid to them

My final decision

My decision is that I uphold this complaint in part and require Barclays Bank UK Plc to pay compensation of £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K and Mr S to accept or reject my decision before 21 July 2022.

Gerard McManus
Ombudsman