

## The complaint

Mr N and Mrs M have complained about the index-linked valuation Barclays Bank UK PLC used in May 2020 when they wanted to apply for a new rate on their existing mortgage. They say the index-linked valuation figure was lower than the true value of the property, and the lower valuation figure meant they weren't eligible for the product they wanted to apply for.

## What happened

I issued a provisional decision in February 2022, the findings of which said:

*“Barclays has accepted it could have done better here and I agree. But it doesn't automatically follow that its failings were the sole cause of Mr N and Mrs M missing out on the lower interest rate with H. And to award compensation for that, I need to be satisfied that – on balance – it is more likely than not that Mr N and Mrs M could have obtained the lower rate had Barclays been more clear about the fact the valuation couldn't be appealed unless significant structural improvements had been made to the property that had increased the square footage.*

*Barclays doesn't carry out revaluations for product switches and doesn't allow the index-linked valuation to be appealed unless there have been changes to the property as I've detailed above. I've considered very carefully whether I think that policy is unfair and led to Mr N and Mrs M being treated differently to other customers and I don't think it is or that it did. Barclays doesn't allow appeals to the index-linked valuation for any customers that are applying for a rate switch, so it didn't treat Mr N and Mrs M any differently there and I don't think that decision is unfair. Barclays can decide its policies, and I'm satisfied that policy has been applied correctly here. So there are no grounds for me to say that Barclays should have allowed a valuation appeal and/or allowed Mr N and Mrs M to take the lower rate that they weren't eligible for (due to the LTV).*

*Mr N and Mrs M have said that Barclays couldn't give them or their broker a documented response of how the index-linked valuation was calculated. But Barclays didn't need to. Mr N and Mrs M applied through an independent broker, so it was the broker's responsibility to explain this to Mr N and Mrs M – not Barclays. It would be unusual for a broker to not understand what an index-linked valuation was and the possible information that would feed into that as they're not at all unusual in the industry. So I can't see what the broker would have needed from Barclays in that respect that could have moved things forward.*

*I can only see two instances where Barclays misled Mr N and Mrs M (and/or their broker) into thinking a revaluation was possible, without the property having been extended. There's mention in the Barclays contact notes that the 15 May message which was sent to the broker saying Mr N and Mrs M weren't eligible for the rate said “Or if you feel the property is undervalued you can challenge the valuation by contacting...”*

*But Mr N and Mrs M confirmed to us that the broker contacted Barclays at that time but was told an appeal wasn't possible. They said, on their complaint form they completed for*

our service, "My broker had already requested for a re-valuation when he first applied for the rate switch back in early May and was declined at the time."

As their broker didn't apply until 14 May, then this must be the contact that Mr N and Mrs M are referring to. For that reason, I can't say that they were caused any detriment at this time as their broker was immediately told that a revaluation wasn't possible, so they had the correct information.

The only other time I can see on file that Mr N and Mrs M were told that a valuation appeal was possible was in the letter of response to their complaint dated 16 June 2020. Their broker contacted Barclays to request an appeal on 24 June and was told – the same day – that it wasn't possible unless the property had been extended. From this it seems Barclays had led Mr N and Mrs M to believe – for a period of 8 days – that they could possibly proceed with Barclays via a valuation appeal.

I can see from the broker's notes that Mrs M said they wanted to apply elsewhere on 27 June, and the lower rate with H was still available until 13 July. I fully understand why Mr N and Mrs M opted to apply to a different lender first as it had a lower interest rate product. But unfortunately that application took some time and was then declined, by which time H had changed its products. That decline came on 29 July (16 days after H had withdrawn the lower rate), and the application was made to H on 22 August (40 days after H had withdrawn the lower rate). So the 8 day period that I've concluded Barclays misled Mr N and Mrs M for (that is between 16 June and 24 June) made no difference to whether or not the lower rate could have been obtained with H.

Barclays issued its response to the complaint well within the time frame it is allowed under the regulator's rules, and in any event Mr N and Mrs M (and their broker) had been told on more than one occasion already by then that a revaluation wasn't possible. Whilst Mr N and Mrs M had the right to complain about that, I can't hold Barclays liable for any time "lost" whilst it investigated and responded to the complaint as there was nothing stopping Mr N and Mrs M using that time to investigate other options. It was possible a complaint could have overturned what they'd been told, but equally it was possible (and it could be argued likely, bearing in mind this was Barclays' policy) that the outcome would still be that they weren't eligible for the lower rate with Barclays.

The broker's notes state the following:

- 26 May "furtehr rsearch sent to [Mrs M] – see attached – best option is press ahead with higher rate on correct index val – await her go ahead."
- 27 May "[Mrs M] believes Barclays will change valuation if she rings them – she is now doing so – have told her that BDM [Barclays' business development manager] has confirmed nothing can be done"

It seems clear from these that the broker told Mrs M that the valuation would not be changed on 27 May, so whilst she and Mr N could complain about that I can't hold Barclays liable for their decision to not then apply to another lender until 3 July.

Having considered everything, I'm satisfied that even if Barclays hadn't misled Mr N and Mrs M – in its complaint response letter – into thinking (for a period of 8 days) that a revaluation was possible then they still wouldn't have obtained the lower interest rate with H due to the various other delays (which weren't due to Barclays). For that reason there are no grounds for me to order Barclays to cover the difference in interest rate that Mr N and Mrs M obtained with H.

*That said, Barclays could have made things more clear as its response letter to the complaint does imply a revaluation was possible (as it didn't include the criteria that it was only an option if the property had been extended). Barclays has agreed to pay £100 for that error and having considered everything I'm satisfied that it is a fair award. The reason why the award isn't higher is that the incorrect information was corrected 8 days later, and having considered all the correspondence between the broker and Barclays (and Mr N and Mrs M and Barclays) I can't see that Barclays caused any undue delays here. It gave the right answer at the start, and whilst Mr N and Mrs M had the right to query – and then complain about – that, I can't hold Barclays liable for the delays those queries and complaint caused as it responded well inside the timeframes it is required to investigate complaints within.”*

Barclays had nothing further to add. Mr N and Mrs M didn't accept my provisional decision. They said, in summary:

- The back and forth with the broker and Barclays took at least three to four weeks, which delayed things at a critical time of interest rates going up.
- Barclays let Mrs M believe that if she complained she'd be able to achieve a revaluation, and it never gave a reason why it wouldn't do one.
- They feel it was done deliberately to force them onto a more expensive deal.
- The way Barclays responded to their broker was dismissive of Mr N and Mrs M as existing customers, and even the broker was at a loss with the appalling tone used.
- It's not good enough for this service to say it is Barclays' policy to not offer revaluations; what about their rights as existing customers?
- They'd like to know how the amount of £100 compensation was reached.

### **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.

Having done so - and having considered Mr N and Mrs M's recent submissions and the entire file afresh - I see no reason to depart from my provisional findings.

Whilst I agree there was back and forth with the broker and Barclays, as I explained in my provisional decision Mr N and Mrs M have told us that their broker was told from the start that a revaluation couldn't be carried out. It was Mr N and Mrs M – and their broker's – choice to keep corresponding on that point, so I can't hold Barclays liable for the back and forth when the correct information was given from the start.

Having considered the full file, I can't see that Barclays led Mrs M to believe that if she complained a revaluation would be undertaken. In fact Mr N and Mrs M's broker's notes indicate Mrs M was told this wouldn't happen (on 27 May), saying “[Mrs M] believes Barclays will change valuation if she rings them – she is now doing so – have told her that BDM [Barclays' business development manager] has confirmed nothing can be done”

Barclays doesn't offer revaluations (unless a property has been extended) for existing customers who want to change to a new preferential interest rate. Whilst Mr N and Mrs M say it isn't good enough for this service to say that and asked about their rights, Barclays is allowed to set its own policies. As I explained in my provisional decision, Barclays has the same policy for all its customers, so it didn't treat Mr N and Mrs M any differently to other customers. Barclays had no control over when Mr N and Mrs M applied for the new rate, nor how long Mr N and Mrs M then took to successfully apply for another mortgage elsewhere. Barclays allows applications for a new rate to be submitted up to 90 days before the current

rate ends, so that would allow time for a remortgage to be completed to another lender (if required) even with potential delays due to the pandemic.

I understand Mr N and Mrs M are unhappy about the tone of the contact between Barclays and their broker, but the emails were sent to the broker in answer to direct questions.

In the first email, the broker explained the background and asked what happens next in challenging the valuation figure. Barclays responded saying there was no way of challenging it unless the property had been extended. It said it had also been raised as a complaint without success, and that there was *“nowhere else to take this I’m afraid”*.

The broker responded *“I don’t think she will believe me since the letter says I can “request a re-valuation through your broker” – if that is the case, can we have a re-worded letter sent to her?”*

To which Barclays confirmed that Mrs M would need to go back to the complaints team directly, saying there was a contact number and reference on the letter.

I’ve considered the exchange and I don’t think that it is dismissive of Mr N and Mrs M, Barclays simply (correctly) answered the questions the broker had asked. There was nowhere else that Barclays could go with it as it didn’t do revaluations for rate change applications, and if Mr N and Mrs M wanted an amendment to the complaint response letter then they’d need to discuss that with the complaints team. It is always difficult when there is a fairly short exchange in writing to understand the tone of that – what one person finds rude another may find completely acceptable. I acknowledge that Mr N and Mrs M feel the tone was dismissive, and whilst I empathise with their feelings about it, that’s not enough for me to uphold this part of their complaint and award compensation.

Finally, Mr N and Mrs M say they’d like to know how the amount of £100 compensation was reached as they’d asked that before but never got an answer.

In his response to Mr N and Mrs M in December 2021 our investigator explained:

*“My recommendation of compensation for their poor service relates to the way they dealt with your original valuation request. This took place of a relatively short period of time and, although the service was poor, Barclays ultimately followed their own policy and so didn’t do anything wrong in that regard.”*

And in my provisional decision I said:

*“That said, Barclays could have made things more clear as its response letter to the complaint does imply a revaluation was possible (as it didn’t include the criteria that it was only an option if the property had been extended). Barclays has agreed to pay £100 for that error and having considered everything I’m satisfied that it is a fair award. The reason why the award isn’t higher is that the incorrect information was corrected 8 days later, and having considered all the correspondence between the broker and Barclays (and Mr N and Mrs M and Barclays) I can’t see that Barclays caused any undue delays here. It gave the right answer at the start, and whilst Mr N and Mrs M had the right to query – and then complain about – that, I can’t hold Barclays liable for the delays those queries and complaint caused as it responded well inside the timeframes it is required to investigate complaints within.”*

The award of compensation for inconvenience is fairly subjective – there’s no exact scale as it were. We have some fairly broad bandings, which we publish on our website at

[www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience](http://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience).

The first band is described as ‘*An apology ... or small monetary amount*’ and that says:

*“Typically, an apology or small monetary award of less than £100 will fairly compensate a one-off incident or occurrence – such as a small administrative error or a short delay. An apology is usually enough to remedy these types of mistakes, as long as they cause minimal impact and are put right quickly.*

*Using financial services won’t always be totally hassle free and we wouldn’t award for things that aren’t more serious than the normal nuisances of everyday life. So just because there’s been a mistake it doesn’t necessarily follow that we would always award compensation – especially when the impact is minimal.”*

The second band is ‘*An award ... of up to £300*’ and that says:

*“If an error has caused the consumer more than the levels of frustration and annoyance you might reasonably expect from day-to-day life, and the impact has been more than just minimal, then an apology won’t be enough to remedy the mistake.*

*An award between £100 and £300 might be fair where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out. These typically result in an impact that lasts a few days, or even weeks, and cause either some distress, inconvenience, disappointment or loss of expectation.”*

As I explained in my provisional decision, the only part of this complaint that I’ve upheld is that Barclays misled Mr N and Mrs M for a period of eight days into thinking a revaluation was possible.

Arguably that could fit within either banding, but if it did fall within the second banding it would be right at the lower end of it. That’s because the misinformation was corrected within eight days, and actually the correct information had already been given on more than one occasion previously. The error that was made (the misinformation for a period of eight days) didn’t require ‘*a reasonable effort to sort out*’ as it was quickly corrected when the broker queried it.

### **My final decision**

I uphold this complaint in part and order Barclays Bank UK PLC to pay £100 compensation to Mr N and Mrs M. Under the rules of the Financial Ombudsman Service, I’m required to ask Mr N and Mrs M to accept or reject my decision before 22 April 2022.

Julia Meadows  
**Ombudsman**