

The complaint

Miss K complains that Barclays Bank UK PLC didn't clearly state that it wouldn't allow borrowers to port their mortgages to a property they already owned.

What happened

Miss K took a new mortgage deal with Barclays in January 2020 for approximately £121,000. She opted for a fixed rate and says she planned to move house in the next year or so and made sure the new mortgage was portable.

In January 2021 she completed the purchase of a new property, but that was prior to completing the sale of her existing property due to delays in finding a buyer. She says she managed to get friends and family to provide her with a bridging loan to cover the time between purchase and sale. She says she contacted Barclays on 7 May 2021 – prior to exchange of contracts on the sale of her property – to inform it she wanted to port her mortgage. Barclays told her she couldn't port her mortgage because it doesn't allow porting to properties already owned by the borrower.

Miss K says she'd checked the mortgage offer letter and Barclays' website before accepting the mortgage in 2020 but saw nothing indicating she wouldn't be able to port it if she already owned the property she wanted to port to.

As a result of being unable to port her mortgage, Miss K incurred an early redemption charge. She discussed this with Barclays and was told it specifically said a mortgage couldn't be ported to properties a borrower already owned in its guidance for intermediaries. Miss K says there is no way she could have been expected to be aware of that condition because it was only made available to intermediaries – not customers dealing directly with Barclays. And had she been aware she would have selected a different mortgage or sought to buy and sell simultaneously.

Barclays appears to have addressed the matter with Miss K over the phone. It then wrote to her saying the matter had been resolved. Miss K didn't think her complaint had been resolved so asked us to consider it.

Barclays says it does not publish lending criteria on its website as its lending criteria is confidential. It would only be when the customer asks about porting to an owned property that it would come to light that it's not possible. It says the wording on the mortgage offer makes it clear that porting is subject to its lending criteria and whether she'd meet the porting rules. But it has no record of Miss K contacting it to discuss lending criteria or whether what she wanted to do would meet the porting rules.

Our investigator didn't uphold Miss K's complaint. She said Miss K should have contacted Barclays to check that her plans met its lending criteria and it wasn't only the fact that Miss K already owned the property that may have proved to be a problem. Our investigator thought Barclays gave Miss K sufficient information and the onus was on her to discuss her plans with Barclays.

Miss K didn't agree. She said the relevant condition is not mentioned on Barclays' website while other conditions are, such as the requirement to port within 90 days of selling the mortgaged property. Miss K says she thinks it should be mentioned on Barclays website because of its general nature and importance. And the fact that it is published elsewhere – a Barclays website for intermediary's – shows its importance. She also says customers were discouraged to call Barclays during the covid pandemic for all but the most urgent queries. So, having checked all the information that was available and meeting all other published criteria, Miss K proceeded with her plans. She thinks it was reasonable to do so in the circumstances.

As Miss K didn't agree with our investigator, her complaint has been passed 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.

As I've said above, Miss K has seen that Barclays doesn't allow customers to port their mortgage to a property they already own. And Miss K says she did already own the property she wanted to port her Barclays mortgage to. She also says she was aware of the early redemption charge which applied to her mortgage during the duration of her fixed rate. So, to decide Miss K's complaint, I've thought about whether it's fair that Barclays didn't explicitly state that it doesn't allow porting to a property already owned in its information available to customers dealing directly with it.

With regard to porting, Miss K's mortgage offer says:

“You have the possibility to transfer the outstanding balance of this loan to another property, subject to the new property and your circumstances meeting our lending criteria at that time. A Mortgage Exit fee will be payable and an early repayment charge may be payable in respect of the mortgage that is being redeemed. Other fees may be charged when porting the mortgage interest rate and the terms and conditions for the new mortgage agreement will also apply.”

I agree with Miss K that this description of porting doesn't mention porting to a property she already owned. And I'm satisfied that the other sources of information that were open to her as a 'direct customer' didn't advise her of that point. But I think the wording above makes it clear that porting is a “*possibility*” and that an application to port would be subject to:

- The circumstances of the new property meeting Barclays lending criteria;
- Miss K's circumstances meeting Barclays lending criteria.

Barclays' lending criteria isn't detailed in the mortgage offer and I don't think a borrower reading that would reasonably assume that it was. So, I don't think it would be reasonable for a borrower to have read the information quoted above and assume their situation and that of their property met all of Barclays' lending criteria. I think the fact that the mortgage offer refers to lending criteria without outlining what that criteria includes, shows that Barclays intended for borrowers to make further enquiries about whether their specific circumstances would allow them to port.

Miss K says its unfair that she would have had access to the information she needed if she'd used a mortgage intermediary. I understand why she may feel that the same information should be available whichever way a borrower deals with Barclays. However, mortgage intermediaries carry out some of the same role as Barclays mortgage advisors, in that they

are able to give additional information about the finer detail of lending criteria where specifically relevant. So, I think it's reasonable that Barclays would provide an intermediary with more of the detail of what may be acceptable under its lending criteria. And I think, ordinarily, to have accessed the information she needed via an intermediary, she would have had to contact an intermediary and describe her circumstances and those of the property or ask a specific question. That isn't significantly different from what Barclays has said she should have done as a 'direct customer', albeit that she should have contacted Barclays rather than an intermediary.

I understand that the covid pandemic made it more difficult to contact businesses such as Barclays and that Barclays, like other businesses, may have discouraged its customers from making calls. But I don't think that means that Barclays were at fault for the decision Miss K made. I say that because the wording Miss K had access to about porting did make it clear that any porting application was subject to its lending criteria. And I don't think that wording should reasonably have led Miss K to assume her circumstances and those of her property would meet Barclays lending criteria. There are lots of reasons individual circumstances may not meet the criteria of a lender. But I wouldn't expect a lender to list all those reasons in the wording it made publicly available.

In her response to our investigator's opinion, Miss K also said she thought the amount of the early redemption charge was unfair. She said Barclays would lose £600 in interest if she redeemed her mortgage when she did but charged her £2,100. So, she thinks Barclays received a 'windfall' of £1,500.

I understand Miss K's concerns with the level of the early redemption charge she paid. But that charge was clearly explained in her mortgage offer. I accept that Miss K had no intention of triggering the early redemption charge when she agreed to her mortgage offer. But in agreeing to the terms in the mortgage offer, she accepted that charge would apply if she redeemed within the term of the fixed rate.

When we're asked to consider complaints about the amount of an early redemption charge, we do think about whether the charge represents a reasonable pre-estimate of costs. To explain, lenders are allowed by the regulator to set early redemption charges based on their experience of what may happen – how many borrowers are likely to redeem early and at what point in the early redemption period they're likely to redeem. That's because they can't know in advance if and when a given borrower may redeem. So, to be transparent a lender will fix the cost of early redemption in advance and include it in the mortgage offer letter. The actual cost to the lender will be more or less expensive depending on when in the redemption period the redemption takes place.

In Miss K's circumstances, I don't think it was unreasonable for Barclays to charge her the amount stated in the mortgage offer because she happened to redeem late in the mortgage redemption period.

Overall, I don't think Barclays acted unfairly by not outlining the specific issue of not allowing borrowers to port to a property they already own in the information it made publicly available. And I think it was reasonable that it charged her the amount it said it would in her mortgage offer. So, I don't think Miss K's complaint should succeed.

My final decision

My final decision is I don't uphold Miss K's complaint about Barclays UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 26 July 2022.

Gavin Cook
Ombudsman