

The complaint

Mr D and Miss J complain about errors and delays by Barclays Bank UK PLC when they applied for a mortgage. As a result, they missed the stamp duty holiday and paid stamp duty of about £7,500 in relation to their purchase. They ask that Barclays compensates them for this.

The broker that gave Mr D and Miss J mortgage advice is representing them in bringing this complaint.

What happened

The broker advising Mr D and Miss J made an application to Barclays on their behalf in January 2021. Mr D's parents were to act as guarantors. At the end of March 2021, Barclays declined the application as Mr D's parents were resident outside the United Kingdom.

Barclays said it should have picked this up earlier in the application process. However, it said there was still enough time for Mr D and Miss J to reapply with different guarantors, or apply to another lender, before 30 June 2021 when the stamp duty holiday ended. It offered £100 for poor service.

Our investigator said Barclays told the broker the application was declined on 30 March 2021 and confirmed this on 8 April 2021. He said this left enough time to arrange another mortgage. He said Barclays service was poor and it should pay £250 compensation.

The broker sent a detailed response, saying in summary that:

- Barclays agreed to pay compensation for Mr D and Miss J's losses and this should include the stamp duty.
- After the initial decline on 30 March 2021, he'd contacted Barclays numerous times to fix the problem and overturn the decision. The broker said Barclays didn't make it clear this wasn't possible until 4 May 2021.
- Going to another lender within the available time wasn't straightforward. Mr D and Miss J had limited options and it wanted to get the best rate for them. Lenders had back-logs and long application times, due to the Covid-19 pandemic.
- Barclays continued to contact them for information. If it had communicated by phone from early April 2021 the matter would have been clearer and it could have taken alternative action on Mr D and Miss J's behalf sooner.

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.

The broker says he looks forward to a request for further evidence as he has untold

amounts. The broker has, as he puts it, provided substantial submissions. Both parties have had sufficient opportunity to provide any evidence, information and comments they consider relevant. If I needed further evidence or clarification from either party I would of course request it. Having reviewed the available evidence, I can reach a fair decision without doing so.

I should also explain that where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr D and Miss J made an application to Barclays in December 2020 (with Miss J's parents as guarantors) which was declined.

They re-applied in January 2021 with Mr D's parents as guarantors. Barclays issued a decision in principle and asked for supporting documents, including proof of address for Mr D's father. The broker submitted an application on behalf of Mr D and Miss J on 29 January 2021.

The application progressed, with documents being requested and provided. On 30 March 2021 the broker was told the application was declined as two applicants (Mr D's parents) aren't resident in the United Kingdom. Barclays told the broker this decision couldn't be overturned and the non-resident applicants would have to be removed for the application to proceed.

Barclays accepts it should have declined the application sooner. The applicants' addresses were included in the application at the end of January 2021. But it was clear about declining the application on 30 March 2021.

The broker appealed, hoping to have the decision overturned, but was unsuccessful. I appreciate that the broker hoped Barclays would re-consider. But Barclays said on 30 March 2021 the decline decision couldn't be overturned. It was clear about this on 8 April 2021 and 4 May 2021, when it said again it couldn't proceed with the application with the guarantors resident outside the UK. I don't think matters would have been different if Barclays had spoken to the broker by phone. I think it made the position clear.

Barclays sent emails after early April 2021 to the broker asking how to proceed. The broker says this caused confusion about whether the application could continue. But Barclays wouldn't have known if there were other options for Mr D and Miss J which would have allowed them to proceed – for instance different guarantors, a gifted deposit or a smaller loan amount. In the circumstances, I don't think it was unfair for Barclays to send what look to be standard chaser emails, asking the broker to confirm how to proceed.

The broker told Barclays that Mr D and Miss J had incurred costs. Barclays responded in early May 2021 saying this could be raised as a complaint, which the team can investigate and offer a gesture of good will and refund losses. It asked what figure Mr D and Miss J thought they should receive. I don't think it's reasonable, as the broker seems to be saying, to read this as an offer to pay whatever amount Mr D and Miss J asked for.

I could require Barclays to pay compensation for Mr D and Miss J's losses if I considered it fair and reasonable to do so.

When considering whether compensation for financial loss is fair, I must consider whether the loss resulted from Barclays error, and whether it's reasonable to expect Mr D and Miss J to have taken steps to mitigate the loss.

Barclays declined Mr D and Miss J's application on 30 March 2021. They had three months to complete their purchase to benefit from the stamp duty holiday. I'd expect Mr D and Miss J (or the broker on their behalf) to act promptly to look into their options and re-apply to Barclays, or apply elsewhere, if they wanted to benefit from the stamp duty holiday.

I'm sorry that Mr D and Miss J didn't benefit from the stamp duty holiday. But I don't think I can fairly find that Barclays error (not telling Mr D and Miss J at the outset that it couldn't proceed with applicants resident outside the UK) was the only or the main reason for this.

Property purchases can be delayed for a number of reasons. The broker says it was "chaos" at that time, with lenders having staff working from home and long application times. Barclays wasn't responsible for the wider circumstances, or if other lenders – or valuers or conveyancers – took longer than usual at that time. The broker told us he submitted an application on behalf of Mr D and Miss J to another lender until 26 May 2021, about eight weeks after Barclays declined their application. I don't think, based on the available evidence, I can fairly find that Barclays was responsible for any delay in applying elsewhere. And it follows that I can't fairly find Barclays is responsible if Mr D and Miss J's application to another lender didn't complete within the remaining time.

I don't think it's fair and reasonable to require Barclays to pay compensation for the stamp duty paid by Mr D and Miss J.

I don't doubt though that this matter caused Miss J and Mr D upset and inconvenience, and I think it's right that Barclays pays compensation for this. They provided documents and information for an application that could never have succeeded. They must have been disappointed when they were told this, two months after submitting the application. I think, in the circumstances, it's fair and reasonable to require Barclays to pay £250 for the upset and inconvenience this caused.

My final decision

My decision is that I uphold this complaint. I order Barclays Bank UK PLC to pay £250 to Miss J and Mr D (less any amounts it has already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Miss J to accept or reject my decision before 15 August 2022.

Ruth Stevenson
Ombudsman