

The complaint

Mr A and Ms G have complained about poor customer service from Barclays Bank UK PLC in relation to their mortgage applications. To settle the complaint they are asking Barclays to compensate them for expenses incurred as a result of losing their new investment property purchase, legal expenses, lost benefit from missing out on the stamp duty holiday, lost property price inflation, loss of rent from the investment property they weren't able to buy and compensation for distress and inconvenience.

What happened

I will summarise the complaint in less detail than it's been presented. There are several reasons for this. First of all, the history of the matter is set out in detail in correspondence, and in the investigator's letter dated 25 March 2022. All parties have a copy of that letter, so there is no need for me to repeat the details here. I will instead concentrate on giving the reasons for my decision. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr A and Ms G being identified. Finally, Barclays has acknowledged it made mistakes so I don't need to analyse the events to decide if the bank is at fault. For these reasons, I will keep my summary of what happened quite brief.

Briefly, Mr A and Ms G applied to Barclays to remortgage a buy-to-let (BTL) property in order to release funds to purchase an additional investment property. During the application Barclays noted that this was a freehold property split into self-contained units, which didn't fit Barclays' lending criteria. Although the underwriters confirmed this to the mortgage team, it wasn't recorded on the system. As a result, Mr A and Ms G were led to believe the application could continue. It subsequently came to light that the application was outside the bank's lending policy, but an exception was made to agree the application.

Barclays requested information about the existing mortgage on the property, which was received in September 2020.

Mr A and Ms G had lost the property they were hoping to buy, and had to find an alternative. Barclays needed information about this before it could proceed. The information was provided in October 2020. The valuation was received by Barclays on 12 November 2020.

However, the valuation – carried out by an independent surveyor – was for about £100,000 less than Mr A and Ms G thought the property was worth. This is because the surveyor had valued the total of the individual units, rather than the building as an entire dwelling. As a result, the interest rates available were not in line with what Mr A and Ms G had wanted. In addition, the mortgage product selected was capped at £500,000, which was almost £200,000 less than Mr A and Ms G wanted to borrow.

Barclays accepts that it should have noticed this sooner and directed Mr A and Ms G to other products. Mr A and Ms G selected another product with a lending limit up to £1 million. The mortgage offer was issued on 11 December 2020. Due to an error by the bank in accidentally keying January 2020 instead of January 2021 on a document, the solicitors acting for the bank closed the file in error. As a result, completion on the mortgage was delayed until February 2021.

Mr A and Ms G complained about the poor service. Barclays acknowledged delays and mistakes, and offered compensation of £200 and a hamper. Dissatisfied with this, the complaint was brought to the Financial Ombudsman Service. An investigator looked at what had happened. He thought Barclays should pay compensation of £2,000, and reimburse expenses of £156.

Neither Mr A and Ms G nor Barclays agreed with the investigator's recommendations. Mr A, who has dealt with the complaint throughout, says that the appropriate compensation doesn't take into account the loss of the property they were in an advanced stage of buying, lost benefit from missing out on the stamp duty holiday, loss of rent of £9,000, and inflation in the property market which meant that the property they'd wanted to buy would have increased in value by about £25,000.

Mr A and Ms G have told us that their original plan of buying another BTL property is on hold. They said they "*felt trapped*" by Barclays, as a result of which they felt they had no option but to proceed to completion on the mortgage.

Barclays said that, although the bank accepted it had made mistakes and caused some delay, the valuation wasn't completed until 12 November and so the application couldn't have proceeded until after that date. Barclays also said that there were times the bank was waiting for information, and so it wasn't responsible for any delays in this respect. The bank acknowledged the error with the date on the mortgage offer, which resulted in a further delay. Overall, Barclays thought compensation of £1,000 was more appropriate.

Provisional decision of 12 July 2022

I issued a provisional decision in which I reached the following conclusions.

Because Barclays has agreed it made errors, I don't need to analyse in depth what happened; I only need to decide what is fair compensation, and give my reasons for this.

In this regard, I'm satisfied Barclays made mistakes in relation to telling Mr A and Ms G in July 2020 that their application could proceed when it was outside lending policy. If Barclays had explained this at the outset, Mr A and Ms G might have gone elsewhere. However, Mr A has told us that in August 2020 he got a decision in principle from another high street bank which was far worse than the rates Barclays had to offer. In the circumstances, I'm not persuaded there were better rates available. But in any event, in August 2020 Barclays agreed to make an exception to its lending policy to enable the application to proceed.

This wasn't a residential mortgage, but a commercial loan, secured on a freehold property divided into rental units. As such, the lending criteria that apply aren't the same as for residential mortgages, and for this type of loan there is usually a greater risk analysis undertaken than for a residential property. In the circumstances, I'm satisfied that the information Barclays requested about the purpose of the mortgage to another lender secured on the property was reasonable. I note that this information wasn't received by the bank until September 2020.

Barclays also needed confirmation of the new BTL property that was being purchased with the additional funds, and this information wasn't received until early October 2020. The valuation was carried out on 28 October 2020, and the surveyor's report was received by Barclays on 12 November 2020.

I appreciate Mr A and Ms G weren't happy with the valuation. However, the surveyors are a separate business from Barclays. This means that Barclays isn't responsible for the actions of the surveyors. I'm satisfied Barclays was entitled to rely on the professional opinion of the surveyor in relation to the valuation for mortgage purposes. The valuation affected the loan-to-value ratio for BTL properties, which in turn impacted on the amount Barclays was prepared to lend. But I'm not persuaded Barclays did anything wrong in relying on the opinion of its valuer.

I also agree that Barclays should have spotted sooner that the product selected had a £500,000 cap. This caused some further delay, but a new product was selected about two weeks later, on 28 November 2020.

There was also a mistake in the mortgage offer, which had an expiry date of January 2020, rather than the correct date of January 2021. As a result, the solicitors acting for the bank closed the file. It wasn't until 15 January 2021 that the correct offer was issued, and the remortgage completed on 19 February 2021.

So overall, I'm satisfied Barclays did make errors and caused delay, but I'm not persuaded that the bank is responsible for all the losses Mr A and Ms G are claiming.

There are many reasons why a property purchase doesn't go ahead. It appears from online records that the property Mr A and Ms G were going to buy hasn't been sold to anyone else in the last 12 months. Given this, I am unable to conclude that the transaction fell through purely as a result of delay on the part of Barclays.

It follows, therefore, that I can't award compensation for any notional or perceived losses claimed by Mr A and Ms G arising from a property they did not, in fact, buy. Given this, I'm unable to uphold the claim for loss of rent, loss of profit for an increase in value of the property or missing out on the stamp duty holiday by not buying a property within that period.

Mr A and Ms G say they felt trapped by Barclays and had no option but to proceed with the remortgage, even though they have not in fact used the funds towards purchasing a new BTL property. I am afraid I don't agree. This was a commercial transaction, and it was open to Mr A and Ms G to withdraw from it at any time, if they felt it no longer suited their purposes. Barclays isn't responsible for them deciding not to buy another BTL property.

Mr A and Ms G have also complained about the way Barclays dealt with their complaint. However, complaint-handling isn't a regulated activity and so it's not covered by our rules. Mr A and Ms G's complaint that Barclays has breached the General Data Protection Regulation is also outside the scope of our rules, as it falls within the remit of the Information Commissioner, not the Financial Ombudsman Service.

In all the circumstances, I'm not persuaded that an award of compensation of £2,000 is justified in this case. I think the £1,000 offered by Barclays in response to the

investigator's findings is more appropriate and proportionate to the mistakes made by the bank. In relation to expenses incurred, the investigator asked Barclays to reimburse £156, but didn't specify what this related to. I think an amount of £300 is more appropriate, to cover the cost of any telephone calls, the £24 fee charged by the solicitor to re-open the file and any other incidental expenses.

Responses to the provisional decision

Barclays accepted my provisional decision. Mr A, replying on behalf of both complainants, did not. He has reiterated points he's previously made, which I summarise below.

- Barclays is responsible for a delay of at least 19 weeks;
- as a result, they paid 5 months more interest at £460 per month on their original mortgage with another bank, amounting to £2,300;
- therefore, they request the compensation is re-evaluated to take into account the excessive, unnecessary stress caused by Barclays' unprofessional attitude as they have already detailed at length in their complaint, as well as the additional mortgage interest they paid.

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.

I've reviewed the file again in its entirety, revisited my provisional conclusions and noted the points Mr A has highlighted – which he had already previously made, and which I had already taken into consideration. Having done so, I'm not persuaded to depart from the findings reached in my provisional decision.

I've noted what Mr A has said about the timeline, and that he believes Barclays is responsible for at least 19 weeks of delay. However, I'm not persuaded, from my evaluation of all the evidence, that Mr A's estimate of the delay – five months – is accurate.

It's correct the application took longer than expected, but I don't think this was wholly Barclays' fault. The timeline I have set out above shows how the application proceeded and that there were mistakes made by Barclays. But I'm unconvinced these had the effect of causing a five-month delay, as Mr A believes.

That's because I can't find Barclays responsible for the purchase of the first property not going ahead. The second property wasn't found until late October, with the valuation received by Barclays a fortnight later. Although Barclays didn't initially realise that an incorrect product had been selected, that was quickly rectified. There was a month's delay caused by Barclays incorrectly dating the mortgage offer. But there was no five-month delay that I've been able to identify that was caused by Barclays.

Putting things right

I'm not persuaded that Mr A and Ms G's claim for £2,300 in overpaid interest is justified, because (as stated above), I'm unable to find that the errors I can attribute to Barclays led to a five-month delay in completion of the mortgage. I think the compensation Barclays has agreed to pay of £1,000 for trouble and upset and £300 in expenses is proportionate to the delays, distress and inconvenience caused and is fair and reasonable in all the circumstances.

My final decision

My final decision is that I uphold this complaint. In full and final settlement I direct Barclays Bank UK PLC to pay the compensation set out above. I make no other order or award.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any correspondence about the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Ms G to accept or reject my decision before 24 August 2022.

Jan O'Leary
Ombudsman