

## **The complaint**

Mr B and Mr M's complaint is about the level of service they received when they made a mortgage application to Barclays Bank UK PLC in 2021. They have said they were told they would be eligible for rates available to premier banking customers, but when they applied, they were told they weren't and so the application had to be resubmitted for a different amount. They were then unhappy about the valuation process, which they consider could have been dealt with more efficiently and at less cost to them. In addition, they're unhappy with how their complaint was dealt with and the timescales involved.

In settlement of the complaint, Mr B and Mr M want significantly more compensation than the £200 Barclays offered. In addition, they want the cost of a final engineering investigation report to be refunded. They also asked that Barclays waived the remaining early repayment charge (ERC) on their mortgage to allow them to take a new mortgage with a different lender.

## **What happened**

Mr B and Mr M took out a mortgage with Barclays in 2017. They attached an interest rate product to the mortgage, which expired at the end of May 2022. An ERC was payable if all or part of the mortgage was repaid before that date.

At the beginning of April 2021 Mr B spoke to Barclays and they were upgraded to premier banking. From the information on Barclays' file, it appears this was done based on what Mr B told Barclays about their incomes and was dependent on that amount being paid into their accounts with it. One of the benefits of premier banking was that it allowed access to different interest rate products and allowed higher income multiples for mortgages – up to 5.5 times income as opposed to a maximum of 4.5 times income for non-premier banking customers.

Later that month Mr B and Mr M applied for a new mortgage with Barclays to enable them to move home. They applied to port the existing interest rate product to the new mortgage, which would have meant they avoided paying an ERC. It appears that at that time it was noted that the income being paid into Mr B and Mr M's account with Barclays was less than would be expected for premier banking. Mr B told Barclays that the amount paid into the account for his salary was lower than it would be expected, as he sacrificed some of his salary to his pension arrangements, but their income was enough for them to qualify for premier banking benefits. Barclays was willing to consider this, but Mr B was told that it would need three payslips (to show consistency of income) evidencing the salary sacrifice. Due to the timescales in which Mr B and Mr M wanted the mortgage to go through in, they've said they weren't able to provide that evidence in time.

As such, the mortgage application seems to have been assessed on the criteria that applied to non-premier applications. The application failed as the income multiples were too high. Mr B and Mr M complained at the end of April 2021. The complaint was acknowledged.

Mr B contacted Barclays a week later for an update on the situation and again just under a week after that. At the later point he asked what the maximum loan Barclays would lend

them. He was told to go back to his broker to have that discussion, as it wasn't something that Barclays would answer in the circumstances. A new application was then submitted for a lower amount.

Barclays responded to the complaint on 15 May 2021. It apologised if it had caused any confusion over the income multiples available to Mr B and Mr M when they initially discussed the mortgage. It offered them £200 compensation. It was also confirmed that the application was progressing following the amendment in the amount required.

Barclays commissioned a valuation on the property Mr B and Mr M wanted to buy. This identified that there was longstanding structural movement in the property, which was shown by distortion to/around openings, uneven/sloping floors and cracked render. The valuer required a report from a structural engineer on the condition of wall ties in all exterior cavity walls. It also said that all recommended remedial work should be undertaken. As it was, at that time, the value of the property was considered to be zero.

Mr B and Mr M's broker was told this on 20 May 2021. The following week Mr B asked Barclays exactly what was required from the inspection - a visual inspection report or a full wall tie inspection. They said that the latter was invasive and pointed out that they didn't own the property. That fact also meant that they would be unable to do any remedial works recommended. Mr B also asked for a copy of the valuer's findings, as they'd taken a builder with them when viewing the property, and the builder hadn't noticed any issues. Mr B chased a response later that day and at the end of the following week.

On 7 June 2021, a few days after Mr B chased for the second time, he informed Barclays that due to the lack of response they'd had a visual inspection done. The structural engineer's report was attached to his email. He explained to Barclays that he had been unable to upload it through the broker mortgage system, as it had been down for the last week.

Barclays acknowledged receipt the same day and there was a discussion about getting the report uploaded to the correct system. Mr B complained about his emails not being responded to. He said that the customer service was atrocious, he pointed out that he was still waiting to be told exactly what the valuers actually required and felt like he was being fobbed off when he was asking.

The engineer's report was reviewed by the valuer a couple of days later. It was confirmed that the valuer required the wall ties to be fully investigated.

Mr B raised additional complaint points the same day, about the requirement for further engineering evidence and that his questions about what was needed from the engineer hadn't been answered. He complained that they had received terrible customer service and were now likely to miss the stamp duty holiday deadline at the end of June 2021 due to what they considered was Barclays' incompetence.

Barclays issued a response to the new complaint points on 3 August 2021. Barclays didn't consider that it had made any further errors since its previous complaint response and so didn't change its decision. It explained it didn't manage the surveys and inspections; it employed specialists and so had no control over how that played out, what the decision would be or the ability to make predictions of what might happen. It simply acted on the advice it was provided with. Barclays acknowledged that the process had taken longer than normal timescales, but said it couldn't have done anything to change that.

The property purchase didn't proceed because when the valuation came in it was for significantly less than Mr B and Mr M had agreed to pay for the property. They told Barclays

that, had they known this would be the outcome, they wouldn't have wasted their time proceeding with the engineering reports.

Mr B and Mr M subsequently referred the complaint to us.

One of our investigators considered the complaint. He explained that we couldn't interfere with the processes and procedures Barclays had in place to process a mortgage application. This included Barclays following the advice of the valuers as to what needed to be done to assess whether the property Mr C and Mr M were proposing to buy was suitable security for the loan. However, he concluded that the communications throughout could have been better and so recommended that Barclays pay an additional £200 for the upset and inconvenience suffered because of this.

Barclays accepted the investigator's conclusions. Mr B and Mr M didn't. They questioned not being given an answer about having been denied access to premier banking mortgage rates, despite having been told they qualified for them. Nor did they think that the investigator had responded to the point they'd made about being required to have pointless surveys completed. Furthermore, they didn't think that the compensation was fair or reasonable. Mr B and Mr M reiterated that they'd lost out on the stamp duty holiday and had needed to pay for three surveys when they considered only one was needed.

The investigator clarified how the valuation process worked – that Barclays took direction on what was needed from the valuers and it wasn't wrong to do so. He also reiterated that we were not able to require a financial business to change its processes and procedures, and so he had considered the level of customer service Mr B and Mr M had received. He remained satisfied that the compensation amount he had recommended was appropriate.

Mr B and Mr M remained unhappy with the investigator's conclusions and asked that the complaint be referred to an ombudsman.

I issued a provisional decision on 6 August 2022, setting out my conclusions and reasons for reaching them. Below is an excerpt.

*'I am aware Mr B and Mr M are unhappy with how their complaints were handled. Our rules also set out the matters that we can look at as being; regulated activities, payment services, lending money, paying money by plastic card, and ancillary banking services. In addition, we can consider complaints about ancillary activities carried on in connection with the above.*

*The handling of complaints is not itself a regulated activity. It's something that the regulator requires financial businesses to do, but that isn't enough to make it a regulated activity within the meaning of the rules and our jurisdiction. While we are able to consider concerns about complaint handling in some limited circumstances, I don't consider that the circumstances here allow it. As such, I won't be commenting on the complaint handling aspect of Mr B and Mr M's concerns.*

*Mr B and Mrs M's initial complaint related to being denied premier banking products and income multiples on their mortgage. Barclays has confirmed that it doesn't record the calls to and from the relevant team, and so I can't be sure what was discussed. However, piecing the information I have together, it appears that the premier banking status was added to Mr B and Mr M's account based on an oral confirmation that they had the required income of £75,000. This was subject to evidence of enough money being paid into their Barclays accounts each month and could be removed if the payments into the account weren't sufficient.*

*There then appears to have been a discussion about the mortgage options available to Mr B and Mr M as premier banking customers. However, when the mortgage application was assessed, it appears that the income being paid into their Barclays accounts didn't support them qualifying for premier banking. There was then a discussion about Mr B's income with him explaining that his net income was lower than it otherwise would be, because he made a salary sacrifice to his pension arrangements. Mr B was given the option to provide three payslips to evidence his salary being higher than the net income indicated, but due to the timescale Mr B and Mr M wanted to complete their purchase in, they instead decided to alter their mortgage application to fit with normal lending multiples, rather than the enhanced ones available to premier banking customers.*

*So to answer Mr B and Mr M's question about whether they qualified for premier banking and the associated benefits, it would appear that they didn't, based on the information Barclays had at the time. When they disputed this, they were given the option to evidence it, which is was a reasonable approach. That said, because Barclays didn't have recordings of the calls available to it when Mr B and Mr M complained, it took the approach that they might have been given incorrect information about qualification for premier banking and/or the income multiples they could have on their mortgage. This was in light of Mr B's comment that he'd been told income didn't matter if a mortgage was being applied for. As such, Barclays offered £200 compensation for any upset or inconvenience that any error in the information they were given might have caused. I consider this was a reasonable approach and sum in the circumstances.*

*Once the mortgage application was resubmitted it appears to have progressed satisfactorily, up to the point where the property valuation was done. I would explain to Mr B and Mr M at this point that lenders are not property experts. As such, they will commission an external third-party expert to complete the property assessment to determine whether it is suitable security for the mortgage applied for. As long as the lender commissions a suitably qualified expert it is entitled to rely on its advice and opinion. In this case Barclays commissioned a RICS surveyor to complete the valuation and so it was entitled to rely on its advice that further investigations into the structural stability of the property Mr B and Mr M wanted to buy were needed.*

*The valuer decided, due to the evidence of structural movement, a report from a structural engineer was needed. This was to report on the condition of the wall ties in all exterior cavity walls. It was also confirmed that any remedial works the structural engineer recommended needed to be undertaken. It appears that Mr B contacted a firm of surveyors about arranging the inspection needed, and having done so, reverted to Barclays to ask if visual inspection would be sufficient or whether physical investigations would be needed. Barclays wouldn't have been able to answer that question and it doesn't appear that the valuers provided an answer in the timescale that Mr B and Mr M felt they needed to take action, so they arranged for a visual inspection only. They were later told that wasn't sufficient and had to pay out for a further inspection.*

*It was entirely reasonable for Barclays to follow the advice of the expert it commissioned to value the property, so there was nothing wrong with it asking for the engineering report to be commissioned. In addition, Barclays couldn't answer the question that Mr B and Mr M asked about that report. It also had no control over the timescales for the valuers to take action, as it was a completely separate business. It was Mr B and Mr M's decision to move forward with the engineering inspection without receiving an answer, which I can entirely understand given how busy lenders and surveyors were at the time. This would of course also explain the slow response from the valuers to Mr B's question. However, in the circumstances, I can't find that Barclays was responsible for the additional costs incurred because Mr B and Mr M moved forward with the engineer before receiving the clarification they wanted.*

*Mr B and Mr M have suggested that even before the engineering report was requested, the valuers knew that the property wasn't going to be valued at the amount Mr B and Mr M had agreed to pay for it. As such, requesting the report was pointless and a waste of money. I can't comment on the actions or conclusions of the valuers as it doesn't fall within my jurisdiction, and, as I have explained above, Barclays isn't responsible for its actions or findings. As I have seen nothing that indicates that Barclays knew before the final valuation came in that the property wasn't worth what Mr B and Mr M had offered to pay for it, I can't find that it did anything wrong in that respect.*

*That said, Barclays doesn't appear to have communicated particularly well. While Mr B may have been expecting responses to his emails in shorter timescales than were necessarily reasonable, responses weren't always received, weren't as clear as they could have been when they were, and were often not, provided in a reasonable time. This clearly added to the stress that would have already accompanied the normal process of buying a house, especially one where there were potential structural problems with the property they were proposing to buy. I can only award compensation for the additional stress and inconvenience Barclays caused Mr B and Mr M due to the poor communication. I have thought about this carefully and I am satisfied that the additional £200 our investigator recommended is the appropriate amount in this case.*

*Mr B and Mr M asked Barclays to waive the ERC so that they could take a mortgage elsewhere. It declined to do so, and I don't think it was inappropriate for it to have done so. Whilst its communications were not what they should have been, I don't consider that it did anything materially wrong in its handling of the mortgage application.'*

Mr B and Mr M didn't accept my provisional decision. They said that what I have failed to recognise was that there was nothing wrong with the property they had proposed to buy. The reason for the complaint is that the structural engineers found that there was nothing wrong with the property, but it was still down-valued by 18%. They consider that the valuer would have known that it intended to down-value the property and could have highlighted that fact before any of the further inspections were arranged. This delay in them being informed meant that they had to pay £16,000 in stamp duty by the time they manage to buy a new property, which they wouldn't have had to have paid if they could have started looking earlier.

As for the matter of the issue about premier banking, Mr B and Mr M said that I was wrong in my conclusions and that even with the salary sacrifice their net incomes were more than enough to qualify for premier banking and their payslips had shown that. The point they had wanted to make was that Barclays had been allowed to pick and choose when they were considered to be premier customers. They also disputed Barclays' statement that the calls weren't recorded.

Barclays confirmed that it agreed with the provisional 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 set out in my provisional decision, I can't comment on the actions or conclusions of the valuer as it doesn't fall within my jurisdiction, and, Barclays isn't responsible for its actions or findings. There was nothing in the evidence that indicated that Barclays knew before the final valuation came in that the property wasn't worth what Mr B and Mr M had offered to pay for it, so I can't find that it did anything wrong in that respect.

In relation to the matter of premier banking, I simply set out the information that was available from the time, which showed that Barclays hadn't been satisfied with the evidence it had about their incomes at the time. As such, it doesn't appear that Barclays was picking and choosing as Mr B and Mr M put it, but rather not allowing them benefits it wasn't certain they were entitled to.

While I have considered Mr B and Mr M's further comments, they haven't persuaded me to alter my conclusions.

### **My final decision**

My decision is that I uphold this complaint in part. In full and final settlement, I require Barclays Bank UK PLC to pay Mr B and Mr M a total of £400 compensation, inclusive of the £200 already offered.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr B and Mr M to accept or reject my decision before 15 September 2022.

Derry Baxter  
**Ombudsman**