

The complaint

Mr and Mrs M's complaint is about the mortgage they hold with Barclays Bank UK PLC. They are unhappy that after the mortgage offer was issued, Barclays decided it should have done a physical valuation of the property they were buying, which caused delays in the purchase and almost caused them to lose the property.

Mr and Mrs M have asked to be compensated for having to pay an additional month's rent because of the delay in moving and the stress they suffered because of the situation.

What happened

Mr and Mrs M applied for their mortgage via a mortgage broker at the end of June 2021. It was on a repayment basis for £627,000 over a term of 27 years. The mortgage had a five-year fixed interest rate product attached to it. The application stated that a physical valuation was not needed.

The application was accepted, and a mortgage offer was issued to Mr and Mrs M on 14 July 2021. A condition of the offer was that Mrs M needed to receive legal advice, due to her being a party to the mortgage, but not being a joint owner of the property – that being in Mr M's name only. The document confirming legal advice had been taken was received by Barclays on 27 July 2021, but there was an issue with it as the address of the advising solicitor was different from the one the form was addressed to. An email was sent to Mr and Mrs M's broker explaining the problem with the legal advice form on 30 July 2021.

In addition, it was confirmed by Mr and Mrs M's solicitors on 2 August 2021 that it was still awaiting another document from Mrs M – the occupier consent form.

On 13 August 2021 Barclays received a letter from Mr and Mrs M's solicitors regarding the right of access to the property due to it being located on a private road. The letter confirmed that an indemnity policy was being arranged to provide protection in the event of any problems. However, Barclays referred the matter to the valuers it used and asked Mr and Mrs M's solicitors for details of the estate agent. The response to the enquiry wasn't initially recorded, which delayed the valuation being commissioned.

Barclays has confirmed that it should not have requested a physical valuation as an indemnity policy was being put in place.

The valuation was completed, and a new mortgage offer was issued on 5 September 2021.

On 8 September 2021 Barclays contacted Mr and Mrs M's broker to chase the outstanding legal advice form. Barclays also received a letter from Mr and Mrs M's solicitors that same day asking it to confirm that the mortgage could go ahead with the indemnity policy in place.

A legal advice form was sent to Barclays in response to the solicitors' request. However, it was a copy of the form that had previously been provided. Barclays reverted to the broker on 13 September 2021. An amended form was received the same day, and as the addresses

matched, Barclays accepted the form. A revised offer was issued to Mr and Mrs M and their solicitors the same day, along with an email to their solicitors confirming Barclays was happy to proceed. It required a certificate of title and an occupancy form signed by Mrs M, as it had previously.

The mortgage completed at the end of September 2021.

Mr and Mrs M complained about Barclays' actions and the delays that had been caused in the progression of the mortgage.

Barclays responded to the complaint in its letter of 16 September 2021. It apologised for having requested the estate agents' details several times, despite having them, and the delays this caused, which resulted in worry and frustration for Mr and Mrs M. It offered them £200 compensation for the poor service.

Mr and Mrs M weren't satisfied with Barclays response and referred their complaint to us.

One of our investigators considered the complaint and concluded that the issue with the valuation had delayed the mortgage progressing by a month. However, he didn't consider that Mr and Mrs M had lost out by having to pay another month's rent, as they would have been paying money out on the mortgage for that month anyway, and the mortgage would have been significantly more than the rent paid. He also explained that we would only award compensation for the added stress and upset Barclays' mistake caused Mr and Mrs M. Having reviewed the matter, he considered the compensation payment Barclays had offered wasn't enough. He recommended that it be increased to £300.

Mr and Mrs M didn't accept the investigator's conclusion. They said they could understand the investigator's conclusion about them having to pay out no matter what, but they highlighted that if they had been paying into the mortgage, they would have benefitted from the capital reduction element of the payment. They also highlighted that the cost of Mr M's time hadn't been taken into account and they didn't think that an increase of £100 from Barclays' offer was reasonable or fair.

Barclays accepted the investigator's recommendation.

The investigator explained his rationale for the amount of compensation he'd recommended. He confirmed that, having considered Mr and Mrs M's further comments, he wasn't persuaded to change his recommendation. Mr and Mrs M remained of the opinion that the amount recommended by our investigator didn't fairly compensate them, but told our investigator that they would accept the compensation in order to bring the complaint to an end. However, they subsequently changed their minds and asked that the complaint be escalated to an ombudsman.

I issued a provisional decision on 18 October 2022, in which I set out my conclusions and reasons for reaching them. Below is an excerpt.

'Barclays has confirmed that the physical valuation shouldn't have been requested and that it didn't process the estate agent's details within that process properly. As such, I don't need to determine whether there was a mistake made, but only to determine the effect that mistake had on the progress of the mortgage.'

The valuation process error took place between 13 August and 5 September 2021. That period could be seen as a delay. However, I don't consider that it did actually delay the mortgage application. Prior to Barclays deciding that it needed a valuation, it had highlighted a problem with the legal advice form, which meant it was not acceptable. That was explained

on 30 July 2021, but a corrected version of the form was not provided until 13 September 2021, over a week after the post-valuation offer had been issued.

Mrs M's signed occupier consent form was also outstanding at the time the valuation process started, as confirmed by their solicitors. This form again doesn't appear to have been provided until after the post-valuation offer was issued.

Without these documents the mortgage could not have completed. So I am not persuaded the mistakes made by Barclays about the valuation delayed the mortgage process or cause Mr and Mrs M a financial loss. As such, much of the stress and worry they suffered because they thought they might lose the property they were buying was not as a result of Barclays error, although the error would have added to it. Barclays offered Mr and Mrs M £200 compensation for that error and I consider that it was an appropriate amount in the circumstances.'

Mr and Mrs M didn't accept my provisional decision. They reiterated that they didn't consider that Barclays offer of £200 was fair or reasonable, given the distress and inconvenience they had been placed under. They said that they had needed to put in significant time and effort to get Barclays to issue the updated offer, which then allowed them to complete on the property purchase. They also reiterated that they were under significant pressure from the sellers and their agent, and they feared that they would lose the property. Mr and Mrs M consider that given the circumstances, the award should be closer to £750, based on their review of our compensation guidelines.

Barclays didn't respond to my provisional decision, but I am satisfied that it received it.

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 can understand Mr and Mrs M's disappointment in my conclusions and why they don't think that the compensation amount is adequate. However, as I explained in my provisional decision, while they focussed on the error Barclays made, and the delay they perceived this caused, in reality, it didn't cause a delay. The mortgage could not have completed without the outstanding documentation. The provision of that documentation wasn't affected by the valuation issue, but it was not provided until sometime after the valuation issue was resolved. So the valuation issue didn't actually delay the completion of the mortgage. As such, I remain satisfied that the amount of compensation offered by Barclays is appropriate.

My final decision

Barclays has already made an offer to pay £200 to settle the complaint and I think this offer is fair in all the circumstances. So my decision is that Barclays Bank UK PLC should pay £200.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs M to accept or reject my decision before 7 December 2022.

Derry Baxter
Ombudsman