

The complaint

Mr and Mrs T are unhappy with how Barclays Bank UK PLC (“Barclays”) handled their application to port their mortgage.

What happened

Mr and Mrs T held a mortgage with Barclays which they were tied into. In March 2021, through a broker, they submitted an online application to port their mortgage product to purchase a new home.

Barclays requested further information and there were some other delays, so Mr and Mrs T missed their exchange date. But the application was eventually accepted in May 2021 and a mortgage offer was produced with an expiry date of September 2021. Mr and Mrs T set a new exchange date for August 2021, but their buyers pulled out. The property they were purchasing was a new build, so they were worried they would lose it if they didn’t act quickly.

In the circumstances, Mr and Mrs T decided they would need to take a bridging loan, so they could temporarily borrow the money required to purchase the new property without delay. They intended to find a buyer for their old home as soon as possible, so they could port their Barclays mortgage product to the new property and repay the bridging loan.

Mr and Mrs T’s broker informed Barclays of the situation and completed an application to extend the date of the mortgage offer they’d received. This was accepted and the mortgage offer was given a new expiry date of February 2022.

In January 2022, Mr and Mrs T found new buyers for their old home and approached Barclays to go ahead with porting their mortgage. But, as they had spent some of their savings in the meantime, they asked to increase the mortgage amount. Their broker was asked to submit a new application which they did. But something went wrong, and Barclays asked the broker to re-key the application.

There was an ongoing exchange between Barclays and Mr and Mrs T’s broker – Barclays wanted more information about Mr and Mrs T’s income. And Mr and Mrs T’s broker says they were eventually told the mortgage application would not be successful in March 2022, so they applied for a new mortgage with another provider which was accepted. Barclays continued to contact Mr and Mrs T’s broker about requiring further information and eventually closed the application in April 2022.

Mr and Mrs T’s broker is representing them in this complaint. They say Barclays delayed Mr and Mrs T from repaying their bridging loan because they gave incorrect information about what applications needed to be completed. They say the underwriters then took over a month to assess the application and they were eventually told the lending criteria had changed and Mr and Mrs T no longer qualified due to issues with Mrs T’s foster income. Mr and Mrs T say Barclays are responsible for the delays, so they want to be compensated for the additional interest they spent on the bridging loan during this time.

Barclays issued a final response letter on Mr and Mrs T's complaint in May 2022. It's not clear what Barclays said in response to the complaint as it appears to have been addressed over the phone and the letter doesn't provide the contents of that discussion. But Barclays have told this service it doesn't think it is responsible for the delays Mr and Mrs T experienced. It said there was a delay at underwriter stage as a credit file search had not been attached, but that this didn't add to the overall delays. Barclays says it chased Mr and Mrs T's broker for more information a number of times in March and April 2022 but closed the application when it didn't receive a response.

Mr and Mrs T remained unhappy and referred their complaint to this service. An investigator looked into their concerns, but they didn't think Barclays had done anything wrong. As Mr and Mrs T disagreed, the complaint was passed to me to decide. I issued a provisional decision on 7 November 2022 and I explained why I thought the complaint should be upheld. Below is an extract of what I said:

"Mr and Mrs T's broker first submitted an online application to port their mortgage with Barclays on 10 March 2021. Barclays reviewed the application and questioned Mrs T's income – it said it couldn't verify the amount she claimed to earn because her tax calculations reported a much lower amount.

Mr and Mrs T's broker explained that it wouldn't be possible to verify the income in the way Barclays wanted them to as the Department for Work and Pensions does not offer annual statements – it only confirms payments when something changes and Mrs T's arrangement wasn't due to be reviewed again until 2025. But the broker said Mr and Mrs T both bank with Barclays and so they thought Barclays could easily verify the income she was receiving on her premier account.

I think it's unlikely the tax information Barclays was using would have been reliable as foster carers receive tax allowances. And looking at Mrs T's circumstances, based on the age and number of children she fostered, a significant portion of her income would likely have been tax free. Barclays seems to have accepted Mrs T's income at some point, but there was a period of confusion around the foster income prior to that.

There are then multiple records where Barclays had system trouble rekeying information including the additional rental income Mr and Mrs T received as well as changing the term of the mortgage. Barclays and the broker went back and forth over this problem – the broker confirming they were unable to key it themselves on the system and Barclays asking them to do it again. There's also records of the broker confirming they'd already submitted evidence they were still being asked for. It seems they were using a portal but were asked to submit it differently. This went on for over a month.

The broker reminded Barclays of the urgency of the application and explained that they were about to miss their deadline to exchange – which they ultimately did. Barclays records say that the exchange deadline was missed due to 'IT issues on our side', so it seems to accept that it did play a part in the delays caused. After further chasing, a mortgage offer was eventually sent on 4 May 2021. But as I've said above, the buyers decided to pull out – I can't be certain if this was because of the delays or not, but I think the delays more likely than not caused significant concern to Mr and Mrs T.

Mr and Mrs T's broker then informed Barclays they were considering taking a bridging loan out to buy their new property and that they intended on picking up Barclays mortgage offer when they found new buyers. Mr and Mrs T's broker was initially told to complete a new application, but after confirming the property was new build, they were told to complete a mortgage extension offer which they did on 9 August 2021.

In January 2022, when they attempted to proceed with the extended mortgage offer, Mr and Mrs T's broker was told this information was incorrect and the offer they held had now expired. So, the broker had to key a new application.

Mr and Mrs T also wanted to increase their lending, so I think their broker would have needed to key a new application regardless. But I note the previous mortgage offer said they could borrow a lot more than they needed to on either occasion, so they presumably wouldn't have expected this to be a problem. But after submitting a new application there was a prolonged back and forth with Barclays over similar issues in relation to income that were encountered during the first application to port and further technical issues.

Barclays notes also suggest there was a delay because credit file checks hadn't been uploaded to the application. Barclays has said this didn't cause a delay, but I think it did. I've seen copies of emails that show the broker was receiving emails both requesting information that had already been submitted and emails confirming the application was in the process of being considered by an underwriter. It was quite confusing trying to establish what stage the application was at and I think its clear different representatives of Barclays were not aware what each other were saying and doing.

Barclays then continued to chase information from Mr and Mrs T's broker, when the broker had already been informed, Mr and Mrs T were not eligible for a new mortgage. So, there are a few instances of Barclays either asking the broker to key an application incorrectly, asking for information that had already been provided or causing other delays in processing Mr and Mrs T's applications both in 2021 and 2022.

While I think the stress caused to Mr and Mrs T will be mitigated somewhat by the broker acting on their behalf. I still think the unnecessary delays will have had an impact on them and I think Barclays should compensate them for this. I think Barclays should pay Mr and Mrs T £200 for the stress and inconvenience caused in 2021 and a further £200 for the stress and inconvenience caused in 2022.

As I've said above, Barclays had issued Mr and Mrs T with a new mortgage offer in May 2021 and they were due to exchange in August 2021. But as a result of their buyers pulling out, Mr and Mrs T had to make a decision whether to lose the new home they wished to purchase or whether to take a bridging loan so that they could purchase their new home in the interim and sell their existing home at a later date.

On 22 July 2021, Mr and Mrs T's broker sent an email to a Barclays support email address which said:

"The above clients have a mortgage offer. They have been waiting to complete and have had to take bridging finance to avoid losing the new property they are buying... Once their buyers can complete they will take up the mortgage offer. The mortgage is a porting application which was done to avoid paying penalties- what would happen in this situation and is there an option to avoid paying this or are there other alternatives?..."

I have seen an internal email of Barclays' where the query was forwarded on, and the Barclays representative confirmed Mr and Mrs T had an offer but said that their broker was asking about Barclays policy in regards to adding a bridging loan. The Barclays representative who received the forwarded query then responded directly to the broker the next day and said:

"The customers have 90 days from redemption to complete the ported rate. If the offer expires then it would need to be rekeyed."

So, Mr and Mrs T's broker made Barclays aware of their intention to take a bridging loan to purchase their new property. They also made it clear Mr and Mrs T still intended to port their existing Barclays mortgage further down the line. I think the email made it clear Mr and Mrs T would already own their new property by the time they wanted to port their mortgage and that the broker wanted to be made aware if, in doing so, there would be any impact on the mortgage offer.

Barclays has confirmed to this service that it's not possible to port a mortgage to a property if the customer already owns it. So, I think Barclays' should have told Mr and Mrs T's broker this on 23 July 2021, when it replied to the email setting out their intention.

So, I need to think about what Mr and Mrs T would have done if they were given the correct information about being unable to port to a property they already owned. They would have had to decide whether to go ahead with the bridging loan or not. I've thought about this carefully and given they went ahead with the bridging loan, I think it's more likely than not they still would have taken this action. But I think the other actions they took after this would have been different.

If Mr and Mrs T's broker had been given the correct information, they would have been aware that Mr and Mrs T would have had to pay an early repayment charge and other associated fees regardless of whether they went ahead with Barclays or not. I also think, based on my findings in the section above, if it weren't for trying to avoid those fees, Mr and Mrs T's broker would more likely than not have had enough cause for concern to have considered applying for a mortgage elsewhere prior to January 2022.

So, if Mr and Mrs T knew Barclays would be unable to port their mortgage, and given the problems they had already experienced, I think this could have prompted them to approach another lender for a mortgage offer. And that that mortgage offer could have already been in place ready for when they found new buyers. This would mean Mr and Mrs T could have redeemed the bridging loan sooner than they did. And based on everything I've seen, I think Barclays is responsible for the financial loss they incurred as result.

I now have to decide what the delay would have been. The bridging loan completed 13 August 2021, but Mr and Mrs T didn't find a new buyer until 28 January 2022. So, Mr and Mrs T are responsible for the interest on the bridging loan during this period. Due to the delays and misunderstanding caused by Barclays, Mr and Mrs T's broker didn't approach a new lender until March 2022 and an offer was issued on 17 March 2022. The funds were then released on 5 April 2022 and Mr and Mrs T repaid the bridging loan the next day on 6 April 2022.

So, it took Mr and Mrs T 20 days to repay the bridging loan from the date they had a mortgage offer with a new lender to the date they redeemed the bridging loan. I think they could have had this offer in place prior to finding a new buyer on 28 January 2022. So, the time period between the third-party lender issuing an offer and the funds being released is the period Mr and Mrs T would have had to pay interest in addition to the interest between 13 August 2021 and 28 January 2022. But I think Barclays should refund Mr and Mrs T for the financial loss they incurred in interest on the bridging loan from 18 February 2022 up to the date the bridging loan was eventually repaid on 6 April 2022."

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.

Barclays requested copies of some the evidence Mr and Mrs T's representative provided, but otherwise hasn't responded to the outcome of my provisional findings. Mr and Mrs T's representative responded and disagreed with the proposed dates that should be used in Barclays' calculations for redress.

Mr and Mrs T's representative said it took Mr and Mrs T seven days to repay the bridging the loan and that if they already had an offer in place, the bridging loan could have been fully repaid by 28 January 2021. They've provided a copy of the statement of account issued by Mr and Mrs T's solicitors which shows the total bridging loan to be redeemed was £705,140.15. Their property sold for £505,000, so after fees were deducted a sum of £502,336.60 was paid off of the bridging loan on 28 January 2022. This left an outstanding balance of £201,562.17.

I've thought carefully about what Mr and Mrs T's representative has said, but I don't agree that it only took seven days for the remainder of the bridging loan to be paid off following the mortgage offer from the third-party lender. The redemption statement the representative has provided concerns when the proceeds of the sale of Mr and Mrs T's property that was applied to the bridging loan – this date isn't in question as Barclays had no impact on that.

What I'm looking at is how long it would have taken Mr and Mrs T to pay off the remainder of the bridging loan if they already had a mortgage offer in place prior to the sale. And I found that the mortgage offer was made on 17 March 2022, but the remainder of the bridging loan wasn't paid off until 6 April 2022. That is 20 days from the date of having a mortgage offer in place to being able to pay off the remaining sum. So, if that offer had already been in place when Mr and Mrs T sold their property, I estimate it would have taken up to around 17 February 2022 for the bridging loan to be fully redeemed and I think this is the fairest way to calculate the financial loss to Mr and Mrs T

So, for the reasons I've explained above, I think Barclays should compensate Mr and Mrs T as set out below.

Putting things right

Barclays Bank UK PLC should:

- A. Calculate the interest charged on the bridging loan between 18 February 2022 and 6 April 2022.
- B. Apply simple interest at 8% to the final figure calculated in point A.
- C. Pay £200 compensation for the stress and inconvenience caused during the application process in 2021.
- D. Pay £200 compensation for the stress and inconvenience caused during the application process in 2022.

My final decision

For the reasons explained above, I uphold Mr and Mrs T's complaint and Barclays Bank UK PLC should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs T to accept or reject my decision before 3 January 2023.

Hanna Johnson
Ombudsman