

The complaint

Mr M complains that Barclays Bank UK PLC delayed his application for further borrowing by asking for the completion of unnecessary documentation and, in doing so, denied him of the mortgage rate he wanted.

What happened

Mr M held a mortgage with Barclays on his shared equity property. In 2021 he wanted to buy the whole of the part of the property he didn't already own and approached Barclays, via a mortgage broker, for a mortgage to allow him to do that.

Documentation provided by Barclays shows that Mr M applied to it for a mortgage of £165,000 in October 2021. That would have brought his total mortgage borrowing with Barclays up to £256,355. His mortgage application shows an estimated property value of £358,508, meaning his loan to value percentage would be 71.51.

Barclays – in error – appears to have sent Mr M and acceptance of his rate switch application and a mortgage offer on 14 October 2021. However, Barclays required further documentation from Mr M to fully disclose all commitments and that evidence was received from his broker around 15 November 2021. Barclays underwriting notes say the application was within its lending criteria in respect of affordability at that time. The underwriting notes of 29 November 2021 confirm Barclays was happy to proceed to the next stage of its application process. At that time Barclays received the valuation report. That said the external wall system may contain potentially combustible material. So, it required paperwork known as an EWS1 form and an accompanying letter confirming the 'cladding' to be satisfactory. It informed Mr M's broker of that requirement on 29 November 2021.

On 13 December 2021 Barclays heard from Mr M's broker saying all the information needed for the EWS1 paperwork was on the first page. It's not clear whether that referred to the application form or other documentation, but Barclays' notes indicate it would look into that. On 11 January 2022, the surveyor confirmed that the covering letter/EWS1 paperwork was required and that what it already had in that regard wasn't sufficient. The required documents appear to have been received from the broker by Barclays on 19 January 2022 and they were sent to the surveyor the same day.

The surveyor confirmed to Barclays on 21 January 2022 that it had down-valued the property to £315,000, resulting in the loan to value – 81.42% – exceeding that applicable to the product Mr M had chosen. It isn't clear when Barclays informed Mr M's broker he needed to choose a new product, but that appears, from Barclays' application notes, to have been confirmed in early February 2022. Barclays sent a mortgage offer for a fixed rate of 1.71% on 2 February 2022, but that was subsequently withdrawn as Mr M's broker had submitted a request for a remortgage application in error. Mr M didn't qualify for that rate because he was applying for a further advance. And the mortgage offer was sent on 17 March 2022 and accepted soon after that. The amount of £165,000 was sent by Barclays to Mr M's solicitor on 19 April 2023. The mortgage offer confirmed the mortgage would be on a fixed rate of 2.57% for approximately two years.

Mr M says Barclays took too long completing his mortgage application and that led to him getting a higher fixed interest rate than he otherwise would. In particular, he says there was no need for Barclays to request the EWS1 paperwork because the government rules say that is not needed for flats in a block less than 18 meters high. Mr M complained to Barclays by phone. Barclays final response letter dated 22 April 2022 refers to that conversation but doesn't provide details of what was discussed – it merely states that his complaint was resolved and closed.

Mr M wasn't satisfied with Barclays' response so asked us to look into his complaint. Our investigator upheld Mr M's complaint. He said he thought there was an avoidable delay caused by Barclays and one error with a mortgage offer that Barclays was partly responsible for. But our investigator didn't think Barclays caused other delays in the process or that all the delays were unnecessary. So, he thought Barclays should pay Mr M £150 for the distress and inconvenience caused to him.

Barclays accepted our investigator's opinion, but Mr M didn't as he thought he paid rent on the portion of the property he didn't own for longer than necessary and he should have obtained a lower fixed interest rate.

As Mr M didn't agree with our investigator, his complaint has been passed to me for a final 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.

To decide this complaint, I've thought about whether Barclays caused the delays leading to the losses Mr M has outlined and whether it was reasonable for it to ask Mr M to provide EWS1 paperwork.

Barclays has provided evidence in the form of its internal notes and some correspondence during the application process. I've not been able to establish a clear timeline of events from that evidence and have outlined my understanding of what happened in the above section of my decision. Understandably, Mr M hasn't provided evidence to show a clear outline of all the things that happened so my understanding comes from Barclays' evidence and Mr M's testimony.

From what I've seen, I think Barclays made errors in making offers for products Mr M didn't qualify for on two separate occasions. The first of those errors occurred when Mr M's application was originally submitted. Barclays made a mortgage offer without making all the necessary checks. And it withdrew that offer relatively quickly and asked Mr M's broker to provide evidence that some of Mr M's commitments would be repaid before the mortgage was advanced to ensure his application met Barclays' affordability criteria. Its notes indicate that the commitments disclosed in the application didn't match those showing on the credit file search Barclays conducted. So, while Barclays did make an error at that time, I think that was rectified within a reasonable time and the more significant delay was as a result of contradictory information about Mr M's commitments. I don't think Barclays was at fault for that.

The next issue causing delay was that relating to the submission of EWS1 paperwork. There was some communication between the parties establishing whether that paperwork was necessary and that caused delay. Mr M maintains that paperwork wasn't necessary. He says the government found there was "*no systemic risk of fire in blocks of flats under 18 metres*"

and some major high street lenders had agreed to review their practices on blocks under 18 metres based on the new advice.

However, Barclays' lending requirements at that time said the surveyor needed to assess the property in line with guidance given by the Royal Institute of Chartered Surveyors (RICS). And where the surveyor deems it necessary – to satisfy the RICS guidance – they will ask for an EWS1 form along with a separate letter prepared by a suitably qualified and experienced professional. The case notes Barclays has provided indicate that the surveyor asked for the EWS1 form along with the separate letter and I think it's reasonable to conclude that, as a professional, he did so having considered RICS guidance. In any event, I think Barclays acted reasonably in following the instructions of the surveyor. And, more generally, I think it's fair for Barclays to set its lending policy based on the risk it is willing to take in relation to the security property. I also think it's fair that Barclays expected surveyors to consider RICS guidance and that formed part of its lending policy in that regard.

There appears to have been a delay in Barclays receiving the EWS1 paperwork from Mr M's broker. I think that was a combination of delayed communication from Barclays over the Christmas period and Mr M disputing the necessity of that paperwork. I don't think that delay was significant under those circumstances.

Barclays sent another incorrect offer on 2 February 2022. That was, in part, due to an error by Mr M's broker, but I think Barclays should have checked whether Mr M qualified for the rate before it issued the mortgage offer. So, I think Barclays was partly responsible for the delay that error caused.

Overall, because of the nature of the delays, the lack of evidence to provide a reliable timeline and the shared responsibility for errors, I don't think it's possible to determine the total length of the delays or the amount of delay Barclays was solely responsible for. And, even if that were possible, given the type of application and the additional requirements, I don't think I can conclude what timescale would have been reasonable. So, while I understand that Mr M is disappointed because he missed out on two rates he thought he'd get – but didn't actually qualify for – I haven't seen he missed out on a rate caused solely by a delay Barclays was responsible for.

I've identified the same avoidable delays as our investigator – those relating to offers sent in error. I think the payment of £150 he recommended – and Barclays subsequently agreed to – is reasonable to compensate Mr M for the distress and inconvenience caused. I haven't seen that he missed out on a rate he qualified for because of a Barclays error. So, I uphold Mr M's complaint in respect of the distress and inconvenience caused by delays it's possible to attribute to Barclays.

Putting things right

To resolve Mr M's complaint, Barclays should pay him £150 in respect of the distress and inconvenience caused.

My final decision

My final decision is I uphold Mr M's complaint about Barclays Bank UK PLC, and it should pay him £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 July 2023.

Gavin Cook
Ombudsman