

## **The complaint**

Ms K complains about what happened when she asked Barclays Bank UK PLC for a mortgage. She said its delays meant her offer didn't last long enough for her to complete her purchase, and it refused to extend the offer until after her purchase fell through.

## **What happened**

Ms K wanted to buy the property she was then renting. Her landlord had it valued, and they agreed a price, then Ms K approached her bank, Barclays, for a mortgage. Ms K told us that this didn't go at all well. She set out a timeline, with some brief commentary.

10 Feb – mortgage agreement in principle received

23 Feb - initial telephone appointment

25 Feb – email confirmation that valuation had been instructed but not arranged

3 March – physical inspection of the property for valuation

22 March – valuation received - property down valued by £45,000

23 March - appeal requested

24 March - request for evidence of seller's recent valuation by Barclays

25 March – evidence provided

28 March - additional evidence of recent sales requested by Barclays

31 March - additional evidence provided

13 April – valuation appeal refused, no similar properties sold recently

13 April – revised mortgage rates (based on new valuation) requested from Barclays, and further information requested by Ms K the same day

30 April – another information request to Barclays

6 May - application completed, based on the revised deposit amount

16 June - confirmation of the mortgage offer – which expired on 23 August

Ms K said she asked for an extension to her offer in early August, but was only offered two weeks. By 18 August, she had made a complaint, asking for an extension of around three months. Ms K said she heard nothing substantive on this until 29 September, when Barclays rang to say it wouldn't grant the extension, it was against its policy. This was confirmed in a further call on 7 October, and a letter of the same date. The sale then fell through.

Ms K said that with the subsequent increase in mortgage rates, she's been unable to buy the property. She'd had a very bitter falling out with her landlord, and initially feared she would no longer be able to live in the property.

Ms K said she had lost £1,251.60 in lawyers' fees, and she'd spent an additional six months of rent, which was £4,050, when she should have bought the property. Ms K also said she wanted compensation for just how stressful this had been. Barclays had offered £100, but she thought paying that for each day this had been ongoing would be more reasonable, so she wanted £100 a day, which added up to £23,900. Ms K said she hoped that paying this would mean that Barclays wouldn't do the same thing to other people in future.

Barclays accepted it had caused some delays here. It said that there was a delay in processing due to the absence of its mortgage advisor from 11 April to 4 May. And although the mortgage advisor had processed the application on 6 May, the underwriters then caused further delays, and the offer wasn't issued until 16 June.

Barclays had offered Ms K a two-week extension, but she didn't want this. Barclays said its policy isn't to offer three month extensions on mortgage offers. It had initially replied on 7 October 2022 to Ms K to tell her that, and offer £100. But then shortly after this it decided to grant the three months extension. Barclays said Ms K didn't then want to take this up.

Ms K then provided some more detail on her complaint. She said after her sale fell through, she had completely lost trust in the bank, and couldn't put herself through this again. But she also said that she had no credibility left with the seller, who had paid legal fees and was asking her to cover these.

Our investigator thought this complaint should be upheld in part. He said Barclays had offered a two week extension, which Ms K declined. He said Barclays wasn't under any obligation to extend its mortgage offers. When it initially extended the offer by two weeks, to 6 September 2022, that gave Ms K approximately 12 weeks from the date of offer, to exchange contracts. He thought Barclays had caused around five weeks of delays to Ms K's offer being issued, and he said Barclays should pay Ms K £300 in compensation. But he said Barclays wasn't responsible for Miss K not continuing with her property purchase.

Our investigator explained that our service isn't a regulator, and we can't require Barclays to change how it deals with customers in future.

Ms K contacted our service to say she wasn't happy with this. She said we hadn't noted that she was never told Barclays was considering a three month extension, until after the sale fell through. She just got letters saying Barclays was still investigating. Then she got a letter saying her complaint had been turned down, with an offer of £100.

Ms K explained how difficult it was to tell this to the seller, also her landlord. They simply didn't believe that such extensive problems were caused by the lender, they thought she was lying to cover up that she wanted to back out of the purchase.

Ms K then told Barclays that the deal had fallen through, and she stressed that it was only then that Barclays said it would extend after all. Ms K said if Barclays had just told her that it was still considering things, then things could have been very different for her.

Finally Ms K said she just didn't understand why Barclays' process was so slow, or why her property hadn't changed in value over the last ten years. Because no agreement was reached, this case then came to me for a final decision. And I then reached my provisional decision on this case.

## **My provisional decision**

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

This case isn't about requiring Barclays to give a specific duration for all its mortgage offers. What I am looking at here is the specific circumstances of this case. And in circumstances where Ms K could be expected to have engaged solicitors and incurred costs for her purchase, I think it would be unreasonable if Barclays had caused delays in issuing a mortgage offer, those delays then shortened the usual time for its mortgage offer, and didn't allow Ms K sufficient time to complete her purchase.

So now I need to think about whether that's what has happened here. I'll look at the delays Ms K experienced, and the reasons for them.

Barclays instructed valuers on 25 February, but the report wasn't received until 22 March. I don't think this delay is Barclays' fault. It relies on professionals to provide this report for it, and unfortunately, when those professionals are particularly busy, this can take longer to provide than either the lender or the borrower would like.

I also don't think Barclays is responsible for the lower valuation of Ms K's property. That wasn't Barclays' conclusion, and it is entitled to rely on the professional advice it receives.

But I do think Barclays is responsible for not giving Ms K the right information on a valuation appeal right away. She was told initially to send through a valuation her landlord had instructed, on 24 March. It wasn't until late in the day on 29 March that she was told she would need to provide evidence of three comparable properties, close by, that had sold very recently. I think Ms K should have been given this advice when she first asked about an appeal.

Ms K couldn't provide the evidence Barclays wanted, as there were no such properties. I think it would have been helpful if she'd been advised by Barclays to consider alternative lending then, rather than just pursuing an appeal which was extremely unlikely to succeed, and which took another two weeks to resolve.

Once Ms K's appeal was refused, she sought to change the basis of her borrowing, based on the new valuation. I can see this took some time, and Barclays accepted that the absence of its mortgage advisor between 11 April and 4 May caused delays in amending Ms K's mortgage application. I think that Ms K should have been able to make this revised application within a few days of her valuation appeal being refused, on 13 April.

Barclays then accepted it caused further delays, because its underwriters received this application on 6 May, but Barclays didn't make an offer until 16 June.

When Ms K received her offer on 16 June, it had an expiry date of 23 August. Ms K then had less than ten weeks to complete her purchase, at a time when all those working in the property market were extremely busy.

I think Ms K's offer ought to have been issued around the end of April, not in mid-June. That would have given Ms K an additional six weeks, giving her a total of a little over 16 weeks to complete her sale, which would be a more realistic timescale to complete a

purchase such as hers. But this purchase could still have stayed on track, if Barclays had then offered an extension which would allow Ms K to complete her transaction.

Barclays later offered Ms K an extension of two weeks. Whilst I don't think Barclays had to agree to an extension of a little over three months, as Ms K requested, I don't think an extension of two weeks was sufficient to make up for the delays that Barclays had caused in this case. Nor was it likely to be long enough to get Ms K's purchase back on track. I think a longer extension should have been offered at this point.

Ms K's longer extension request was finally refused in October – some months after her offer had expired. Ms K said her sale then completely fell through. And, in an indication of how bad relations had got between herself and her landlord, I can see that at the time she feared she would also have to move out.

Barclays said it did then grant the extension she wanted. Its internal emails say that this was offered in recognition of Barclays' delays. Its emails suggest Barclays started to consider this in late September, over a month after Ms K had complained. And although the evidence isn't entirely clear on this point, it seems likely that the extension it offered on 11 October was only three months from the expiry date of her original offer, so until 23 November. It's not clear that Ms K could have revived her purchase in this time, or indeed that it would still have been possible for Ms K to persuade the seller to engage with her at all, even if a longer extension had been given.

I don't think that Barclays carries all the responsibility for Ms K's sale falling through, and the consequent poor relations between her and her landlord. However, I do think it carries a significant part of the responsibility for that.

I don't think it's reasonable to ask Barclays to pay Ms K's rent for the period in question. Ms K would have faced living expenses of either rent or a mortgage during this period, whether her purchase was successful or not. And I don't think a payment of £100 per day would be fair and reasonable, or in line with the published information our service offers on awards.

But I do think it's reasonable to ask Barclays to pay the legal costs of £1,251.60 that Ms K told us about, providing Ms K can supply invoices for this amount, and show she has paid them. (I would ask her to supply this evidence in reply to my provisional decision.)

And, whether or not Ms K can supply that evidence of legal costs, I would still say that what has gone wrong here has had a serious effect on her. It has affected her ongoing relationship with her landlord, and it has put paid, for the moment at least, to her dreams of owning her own home.

I don't think that means Barclays has to pay Ms K £100 per day, as she's suggested. I don't think that amount of compensation would be in line with our service's overall approach to awards. But I do think Barclays should pay more than the £100 it has offered. For the reasons set out above, I would ask Barclays to pay £600 in compensation. I'll allow Barclays to count any previous payment it has made towards that total, in case it has already paid the amount of £100 it offered.

On the evidence I've seen to date. I think that would provide a fair and reasonable outcome to this complaint.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

## **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 said it would accept the provisional decision, but it would need a breakdown of the solicitor's charges to evidence exactly what the fee comprises of. It said it thought solicitors usually can't start any work until the offer is received, so Barclays wasn't clear what the charges would be for.

Ms K wrote to supply the requested evidence. She sent us the invoice from her solicitors, and proof of two payments, an advance of £300, and then a further closing payment of £951.60. So I'm satisfied that the amount I mentioned in my provisional decision is appropriate to be included in this award.

Ms K also said that she wanted to add some additional points. She said she did end up having to move out of the property, the landlord had remained quite bitter over her refusal to pay his legal fees. She showed us that her address had changed.

Ms K clarified that she hadn't accepted the offer of £100 from Barclays. My decision below only allows Barclays to deduct an amount it can show it has already paid to Ms K for this complaint. So if, as Ms K says, no payment has been made, then Barclays will need to pay in full.

Ms K also wanted me to know that Barclays had never confirmed the two week extension was granted, and even if it had, that wasn't what she'd requested. It's my understanding that Ms K had already said she was opposed to this, before Barclays could confirm whether or not it would be available.

Ms K said she understood she would still have had to make payments either towards a mortgage or rent, but she said the amounts were significantly different. She set out the comparable figures for renting or paying a mortgage, to illustrate that mortgage costs were far lower for the flat she had been hoping to purchase, and she said given the increases in monthly rent in the current market, this situation was only likely to continue.

I understand Ms K's point that rent costs alone may be more than the cost of a mortgage, however, I think there are two points to make in response to that. The first is that the cost of a mortgage alone doesn't represent the true monthly cost of property ownership. So the difference in actual costs overall is perhaps not as stark as Ms K suggests. And the second is that, although I did think Barclays carried a significant part of the responsibility for what went wrong here, I didn't find it was solely responsible for Ms K's purchase falling through.

I think the compensation awarded here does take account of the role Barclays has played. I'm sorry to have to tell Ms K that I don't think it would be fair and reasonable, in the circumstances of this case, to ask Barclays to contribute to ongoing costs that she has described.

For those reasons, I haven't changed my mind about the appropriate award in this case. I'll now make the decision I originally proposed.

## **My final decision**

My final decision is that Barclays Bank UK PLC must pay Ms K £1,251.60 in solicitors costs, and £600 in compensation. Barclays Bank UK PLC can count towards that total any amount it has already paid Ms K for this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 17 July 2023.

Esther Absalom-Gough

**Ombudsman**