

The complaint

This complaint is about a joint mortgage Mr M1 and Mr M2 took out with Barclays Bank UK Plc. It was taken out to replace an existing mortgage held solely by Mr M2, and at the same time raise additional capital. Mr M1 and Mr M2 are dissatisfied with how long it took to complete the transaction. They're also unhappy with some of the accounting aspects of the transaction; in particular, changes in the balance owed on Mr M2's original mortgage between the start of the process and the completion.

What happened

The broad circumstances of this complaint are known to Mr M1 and Mr M2 and Barclays. I'm also aware that the investigator issued a detailed response to the complaint, a copy of which has been sent to all parties, and so I don't need to repeat all the details here.

Our decisions are published, and it's important that I don't include any information that might result in Mr M1 and Mr M2 being identified. Instead I'll give a brief summary in my own words, rounding the figures, and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

Mr M2 had taken out his sole mortgage during 2021, originally for £60,000. In the spring of 2022, he and Mr MM applied to Barclays for a joint mortgage to repay the existing one and raise additional funds. They wanted to raise £125,000; at this point, the balance on the existing mortgage was around £58,500, so the application for the new mortgage was set at around £183,500. The transaction took much longer than anticipated, and Barclays accepts it is responsible for some of the delay. An offer was issued in June 2022, but a mix-up over which firm of solicitors was acting for Mr M1 and Mr M2 caused Barclays to send the offer to the wrong firm.

It took until October 2022 for a new offer to be issued, and when completion eventually took place on 20 October 2022, the amount paid to settle Mr M2's mortgage was just over £56,000. After settlement of the re-mortgage costs, the completion statement issued by the solicitors records the amount paid to Mr M1 and Mr M2 as just under £126,650.

Mr M1 and Mr M2 complained to Barclays about how long the transaction had taken. When the bank didn't respond within a reasonable time frame, Mr M1 and Mr M2 contacted us. By now their dissatisfaction was also with the way Barclays had dealt with the complaint.

We explained to Mr M1 and Mr M2 that our rules didn't allow us to look at how Barclays had dealt with the complaint, only the underlying complaint itself. However, Barclays offered compensation of £100 for the poor complaint-handling, and Mr M1 and Mr M2 accepted that.

When our investigator assessed the core complaint, he recommended that Barclays should pay compensation of £300 (separate from and in addition to the £100 already agreed) for the delays in dealing with the re-mortgage transaction. Barclays agreed to this. It also provided a full reconciliation of Mr M2's mortgage from start to finish, demonstrating to the investigator's

satisfaction that all of the payments Mr M2 had made had been accounted for up to the redemption date.

Mr M1 and Mr M2 asked for the complaint to be reviewed by an ombudsman. They think the proposed compensation is too low; they also question why £58,500 was used as the starting point for working out how much they needed to borrow, and asked what happened to the difference between that sum and the actual redemption amount.

What I've decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. But in doing so, we have to work within the rules of the ombudsman service, and the remit those rules give us. It's for me to decide what the material issues are that will affect the eventual outcome. It's also my judgement on what evidence I need to see and consider, in order to reach a fair decision.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, these are my conclusions, and the reasons for them.

The complaint falls into two broad areas:

- the time it took for the re-mortgage to complete; and
- the accounting aspects.

On the first part, I don't have to decide fault; Barclays accepts it made mistakes that contributed to the delay, at least in part. What that leaves for me to decide is whether the £300 proposed by the investigator is fair compensation in the circumstances. Having carefully considered everything that both parties have said and provided, I believe it is. It's consistent with the level of award we generally make in broadly similar circumstances, and certainly more in proportion with the events than the £10,000 (each) that Mr M1 and Mr M2 initially asked for, or even the £1,000 they've now said they'd accept.

As to the second part of the complaint, I can understand why Mr M1 and Mr M2 are concerned that not all of the money has been correctly accounted for, and they might have been encouraged to borrow more than they needed. I've looked at all of the relevant accounting material, and whilst it's not my role to carry out a forensic audit, I've not found any glaring anomalies that would suggest error or wrong-doing on Barclays' part. I remind the parties that the figures I'm using have been rounded.

The reconciliation statement of Mr M2's sole mortgage appears to be completely in order, to the extent that the closing amount received matches the amount showing on the solicitor's completion statement as having been paid to Barclays. In fact, this amount, just over £56,000, resulted in a credit on the mortgage account of around £630, which Barclays refunded a few days later, so isn't reflected in the completion statement. If Mr M1 and Mr M2 aren't sure what happened to the refunded overpayment, their first port of enquiry would be the solicitor.

As to whether they borrowed too much, there has to be a starting point when the application begins. Their objective at the outset was to repay the existing mortgage and raise £125,000, so the starting point when the application begins has to be the balance owing on the existing mortgage at that time. That was around £58,500, so it makes perfect sense for the amount applied for to be that sum, plus £125,000.

It couldn't be known at that point how long it would take for the re-mortgage to complete, but it could reasonably be inferred that the actual amount needed to settle Mr M2's mortgage when completion did take place would be less than £58,500, because he was continuing to make monthly payments in the meantime. Unless specifically requested by the applicants to do so, I wouldn't expect Barclays unilaterally to reduce the amount of the new mortgage to reflect the reduction in the balance of Mr M2's existing mortgage.

What I would expect is for Barclays, having offered to lend the amount applied for, then to release the money it has agreed to lend, and for any additional surplus left over, once the existing mortgage has been repaid *and* the solicitor's costs and disbursements have been paid, to be reflected in the completion statement. Again, I'm not an auditor, but a cursory examination of the figures on the completion statement indicate that this is what has happened.

I appreciate Mr M1 and Mr M2 might not be convinced that all of the figures are correct. But not being sure if things are correct isn't the same as having good reason, supported by hard evidence, to believe they are incorrect.

But that doesn't mean Mr M1 and Mr M2 have to take my word that everything appears correct. If they have a real and substantive belief (based on something other than frustration at not being able to verify things themselves) that something is wrong with the accounting, it is open to him to arrange for the mortgage accounts (and presumably the solicitor's completion statement) to be audited by a suitably qualified and independent party.

We can't consider a complaint against a solicitor. If an audit was made of the completion statement which revealed errors (and to be clear, nothing I say here should be taken as implying that would happen) Mr M1 and Mr M2 would need to take that up with the firm of solicitors, and then with the Legal Ombudsman if need be.

The evidence of an audit on the mortgage accounts could be used as the basis for a new complaint against Barclays, but not as the basis for this one to be reopened. I make the latter point because Barclays would need to be presented with the finished audit first, and be given the opportunity to consider and respond to it.

Mr M1 and Mr M2 would have to meet the cost of the audit, albeit if errors were found that were to their detriment, we would then expect Barclays to reimburse any reasonable cost of the audit as well as taking any corrective action the audit revealed to be necessary. But as things stand, the available evidence doesn't give me reason to think that Barclays has done anything wrong in its accounting on this transaction.

My final decision

My final decision is that this complaint should be fairly and reasonably determined by Barclays Bank UK Plc paying Mr M1 and Mr M2 £300 compensation. I make no other order or award.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mr M to accept or reject my decision before 11 December 2023.

Jeff Parrington

Ombudsman