

The complaint

Mr and Mrs E complain about errors and delays by Barclays Bank UK PLC when they tried to port their fixed rate mortgage product to a new property.

What happened

Mr and Mrs E had a mortgage and a mortgage product with Barclays. The mortgage was for £300,000.00 with a mortgage product on a two-year fixed rate at 1.11% per annum from 26 March 2022. In July 2022 Mr and Mrs E's advisor applied to port the mortgage product to a new mortgage on a new property they intended to buy for £2.4m. Mr and Mrs E say that because of Barclays delays they were unable to port in time for completion of the purchase on 5 September 2023. They sold their own property and used their own funds to buy the new one. Although they had a revised mortgage offer by 1 September 2023, their solicitor needed to be in funds to complete by 5 September and because it was unlikely that they would get the money from Barclays in time they arranged for their own money of £300,000 to fill the gap. Mr and Mrs E say that Barclays told them that it was fine to do so. But Mr and Mrs E didn't use the mortgage offer from Barclays and so didn't port the mortgage product.

Our investigator's view was that although there were some delays, the application was approved within a reasonable time scale. Barclays had offered to refund the valuer's fee, pay £400 as compensation for those delays and pay their solicitor's fees for work done in connection with the Barclays mortgage. Our investigator considered that offer was reasonable. But our investigator considered that it was the choice of Mr and Mrs E to use their money rather than Barclays mortgage to complete the sale and that Barclays couldn't be responsible for their failure to port. Mr and Mrs E disagree and say that Barclays gave them wrong advice about what they could use the mortgage money for.

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 confirm I've read the further comments submitted by Mr and Mrs E on 9 August 2023 and listened to the attached phone conversations. Buying and selling houses are often stressful occasions and so it proved in this case for Mr and Mrs E. At the core of this complaint is that Mr and Mrs E intended to port their mortgage product but didn't do so. There seems to be two limbs of the complaint. Firstly, that there were unacceptable delays by Barclays in processing their application and secondly that these delays and misinformation from Barclays caused them to miss out on their ability to port their mortgage product. Because Mr and Mrs E couldn't port they had to pay an early repayment charge ("ERC") and lost out on a favourable interest rate.

The mortgage application took between the 21 July 2022 when the broker submitted the application and 1 September 2022 when the mortgage offer was issued. As in most mortgage applications no commitment was given by the lender to process the application and issue an offer by a certain date. I see that the broker asked Barclays about having the mortgage offer issued by mid-August and whilst Barclays seemed optimistic about doing so,

the Barclays mortgage adviser warned “ *I can’t confirm it will be done in that time* “.

Mr and Mrs E agreed the completion date in advance of receiving the offer. I expect they were confident that an offer would issue but of course they would not know when that would be. We would expect a lender to process an application with reasonable expedition. In this case its accepted by all parties that there were delays and Barclays has offered to compensate Mr and Mrs E for these service issues. The question is whether Barclays should compensate Mr and Mrs E for their financial loss. But if Barclays hadn’t agreed to provide the mortgage by a certain date - and it’s clear from the above statement that they weren’t committing to this - I don’t consider that its fair that it should compensate Mr and Mrs E for not providing that money by that date.

The other issue is whether Barclays misinformed Mr and Mrs E that they could use their own money to buy the property and still be able to port the mortgage product. I listened to a conversation between Mrs E and a Barclays mortgage adviser shortly before completion which was about whether Mr and Mrs E could use their own money to buy the property and then have use of the mortgage money when it came in. I noted that porting wasn’t mentioned in that conversation and the adviser wasn’t being asked about the implications on Mr and Mrs E’s ability to port if the transaction was structured in the way Mrs E proposed. I noted that in regard to the legal implications of this, the adviser suggested they take advice from their own solicitor. I’ve read the advice from the solicitor and note that there is nothing in there about porting the mortgage.

As the adviser wasn’t asked about porting I can’t fairly say that her advice misled Mr and Mrs E about whether the structure of the purchase they proposed affected their ability to port their mortgage product. I listened to a further short phone call during which Mrs E spoke to a Barclays adviser for advice about porting. Mrs E asked if she sold her property and redeemed her existing mortgage paying an ERC and then later bought another property with a new Barclays mortgage, within what time period could she buy this property and reclaim the ERC? Mrs E was told there was a period of ninety days. I don’t see that information as being incorrect or misleading to Mrs E. In the event of course Mr and Mrs E didn’t use their mortgage offer from Barclays to buy the new property.

That said I agree that there were failures in Barclays administration of the mortgage application. These have been set out in detail in our investigator’s view and Mr and Mrs E’s further submissions and don’t require repeating as the parties are well acquainted with them. Before this complaint came to us it was brought to Barclays. I noted that Barclays offered to refund the valuation fee and, pay the solicitors additional costs of dealing with the mortgage when vouched and pay £400 for Mr and Mrs E’s distress and inconvenience. I’ve carefully considered the file and that seems a fair offer to settle this complaint.

My final decision

Barclays Bank UK PLC has already made an offer to settle this complaint by refunding the valuation fee, pay the additional solicitors’ costs of Mr and Mrs E in relation to Barclays new mortgage offer when vouched and pay £400 for their distress and inconvenience. I consider that offer to be fair and reasonable in all the circumstances. So, my decision is that Barclays should pay Mr and Mrs E this money.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr E and Mrs E to accept or reject my decision before 13 February 2024.

Gerard McManus
Ombudsman