

## **The complaint**

A limited company, which I will refer to as C, complains that Barclays Bank UK Plc's errors in relation to a commercial mortgage caused delays in opening new premises.

## **What happened**

In early 2021, C's directors wanted to buy new premises for their business. They had a property in mind, but they knew it would require extensive work to make it suitable. They approached Barclays, through a broker, with the aim of taking out a commercial mortgage to fund the purchase of the property.

Barclays and C eventually came to an agreement, and Barclays lent funds to C in October 2021. But C's directors told us that Barclays' delays caused significant problems. They could not open their new premises until March 2023, which was much later than would have been the case without Barclays' errors. C's directors also told us that they'd expected to be able to take a loan with a fixed rate, but Barclays didn't give them that opportunity.

Barclays told us that the proposal made by C's directors changed over time, particularly with respect to whether the directors would be seeking additional borrowing from other lenders. It said that if the original proposal had included a full explanation of the directors' plans, then its original support would have been structured differently – which might have prevented some of the delays C experienced.

One of our investigators looked at this complaint. He agreed that Barclays had made mistakes in relation to its customer service, but he didn't think Barclays had caused C to suffer the losses its directors claimed. He was also satisfied that Barclays had provided a loan to C on the agreed terms, and he didn't think Barclays was required to proactively offer a fixed rate.

Overall, our investigator thought Barclays should pay £750 to compensate C for the inconvenience caused by its poor customer service. Barclays agreed, but C's directors did not. The directors accepted that Barclays was not at fault for all of the delays, but they said £750 did not represent sufficient compensation for the delays that were Barclays' responsibility. The complaint was therefore referred to me to make 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.

Having done so, I don't think it would be fair for me to order Barclays to pay C more than £750. I will explain why not.

There is no doubt that Barclays made mistakes here. Everyone – including Barclays – accepts that its customer service was poor. It sent some documents to the wrong address, and lost other documents entirely. Barclays did not always respond to C's directors' emails

within a reasonable time (or at all), and it recognises that the directors' individual circumstances mean it should have done more to signpost them to additional support.

However, I don't think Barclays' mistakes made a significant contribution to the delay in C being able to open its new premises. I say that because:

- I don't think Barclays' actions could possibly have caused the problems C experienced with the refit of C's new premises. In particular, Barclays cannot have been responsible for the problems C had with the water supply, or for the subsequent difficulties with builders.
- I'm aware that there is a dispute between C's directors and Barclays as to when Barclays found out that C planned to borrow additional money from elsewhere to finance the work on its new premises. Barclays says that the directors initially told it that they intended to finance the work through savings, and that Barclays only discovered later that C intended to borrow from another lender – which had an impact on Barclays' own lending decision. The directors say that they were always clear about the fact they would need additional finance to carry out the refit. I've been provided with very little evidence on this point, but I haven't seen enough to be satisfied that Barclays made a mistake in this respect.
- In any event, I've seen nothing to suggest that Barclays ever promised the directors that the loan would be in place by a particular date. The directors had an initial meeting with Barclays in April 2021 and were able to draw down the loan in October 2021. I know the directors are particularly unhappy that Barclays took four months to consider issues relating to the other loan they needed, but overall I think Barclays' timescales here were reasonable. Commercial lending can take a considerable time to arrange, and I don't think Barclays took an unusually long time to arrange the loan in this case.

I have noted the directors' concern that C's loan has a variable rather than a fixed interest rate, but I'm satisfied that the directors agreed to the terms Barclays offered. Our investigator was right to say that Barclays was not obliged to proactively offer alternative terms.

### **Putting things right**

My aim here is to award fair compensation to C for Barclays' poor customer service.

I know that the directors have been through an extraordinarily challenging time. One of them explained that the period between first trying to arrange the loan and finally opening the premises was the most difficult period of his life. I was very sorry to hear of the director's health issues, but despite my natural sympathy for him I must ensure that the award I make is fair to Barclays as well as to C. I can only award compensation for the errors Barclays has actually made in respect of its poor customer service. It would not be fair for me to order Barclays to pay compensation for issues that it is not responsible for.

In addition, Barclays' customer here is C, a limited company with a separate legal personality from its directors. Barclays lent money to C, and not to the directors as individuals. C is a corporate entity, and therefore not capable of suffering distress. That means I cannot order Barclays to pay C compensation for distress – I can only order compensation for the inconvenience C suffered.

I know that C's directors strongly disagree with me, but having looked at all of the evidence both sides have provided, I don't think it would be fair for me to order Barclays to pay C more than £750. Whilst I accept that Barclays' poor customer service caused significant distress to

the directors, I have no power to compensate them for that distress. Overall I think the loan was arranged in a reasonable amount of time, which means that overall I think the impact of the Barclays' customer service errors on timescales was relatively limited. I am satisfied that the majority of the delays were caused by factors entirely outside of Barclays' control, so it would not be fair for me to order Barclays to pay compensation for the delays as a whole.

### **My final decision**

My final decision is that I order Barclays Bank UK Plc to pay C £750.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 13 December 2023.

Laura Colman  
**Ombudsman**