

The complaint

Mr N complains Barclays Bank UK PLC (Barclays) incorrectly reported adverse information to credit reference agencies. Mr N says this prevented him from obtaining borrowing with a third party (Lender A).

What happened

Mr N held a Mortgage Current Account (MCA) with Barclays. Between April and July 2021, Barclays reported adverse information about the management of the account to credit reference agencies.

Mr N complained to Barclays in 2021 and understood the adverse information to have been removed. In April 2022 Mr N looked to remortgage his Buy to Let (BTL) property portfolio with Lender A. He's said the application couldn't proceed past the initial stages because Barclays was still reporting the adverse information to credit reference agencies.

Mr N brought his complaint to our Service for review when Barclays didn't uphold it.

An Ombudsman colleague upheld Mr N's complaint in part and offered Mr N the opportunity to provide further information of his potential losses for our consideration.

I recently issued a provisional decision where I set out, with reasons, my initial thoughts on this case and what I was intending to decide.

The below is an extract from my provisional decision:

"Mr N has said the adverse information Barclays reported to credit reference agencies about the management of his MCA (which my Ombudsman colleague found to have been Barclays' error) was the sole reason his BTL remortgage application didn't progress.

He provided details of the financial loss he says he will have suffered – based on his calculations that rates had increased since his BTL mortgage was declined in June 2022, and that any new product he successfully obtained would attract a higher interest rate.

I've previously set out to Mr N that in order to look to uphold this complaint about these potential financial losses, I would need to be satisfied his BTL remortgage application was solely unable to progress to offer on the basis of the adverse information Barclays recorded on his credit file. In order to look to understand what impact Barclays' error had caused I asked him to provide evidence from his mortgage broker, or any other evidence he considered to be relevant to his complaint, indicating that the sole reason the application was declined was because of the adverse information Barclays reported on his credit file.

I asked for this because in general a lender will review several criteria when looking to approve a mortgage application that will take into account a number of factors, more so a BTL mortgage which generally carries a greater risk to the lender.

Mr N has confirmed that his BTL remortgage application consisted of one account to cover his numerous properties, so this type of account is more of a bespoke agreement, where the lender will have a higher level of discretion than solely using its general approaches and algorithms, including standard LTV and rental multipliers, that need to be factored in.

And this is all in addition to the evolving financial landscape, where many lenders were already reviewing and had already tightened their lending approach and criteria at the time of Mr N's application. So, I've also taken this into account when reaching this provisional decision.

Having reviewed all of the evidence I currently have available to me; I can't be satisfied I can reasonably hold Barclays liable for any potential financial losses Mr N says he will incur as a result of its error.

I've reviewed the evidence Mr N has provided which includes email chains between his broker and Lender A. The information within these email chains suggests the application can't proceed past the initial point; because the initial checks have identified adverse information on Mr N's credit file. I say this because Mr N's broker sends Mr N a link to obtain his credit file, and Mr N provides in response a screen shot showing the adverse information reported by Barclays. Mr N's broker responds to Lender A stating Mr N will get the credit file updated and Lender A confirms this would need to be the case before it could look to reconsider the application.

So, it appears more likely that the adverse information reported by Barclays did mean Mr N's application couldn't progress past the initial stages. But, I can't be satisfied that had Mr N reapplied with Lender A once the adverse information had been removed, that his remortgage application would have been successful.

Mr N has said the Mortgage Illustration confirms that the lending would have been provided on the terms set out. But Mr N received a Mortgage Illustration which, it confirms on page one of the document, was based on the information provided by Mr N and the financial market conditions at the time it was produced. It also states that it does not constitute an obligation to lend.

So, Lender A would still have needed to fully access Mr N's application in line with its full lending criteria and any further requirements before it would have proceeded to offer him a BTL remortgage; which may or may not have been in line with the terms Mr N had received in the Mortgage Illustration.

There are so many variables that Lender A would have needed to consider; and at the current time Mr N hasn't secured a remortgage with Lender A, or any other provider. So, I can't safely be satisfied that had Mr N reapplied to Lender A after his credit file had been updated, that it would have proceeded to offer him a mortgage on the terms set out within the Mortgage Illustration.

Taking all of the evidence I currently have into account; I haven't seen anything which persuades me to conclude Mr N would have successfully received a mortgage offer from Lender A on the terms of the Mortgage illustration produced, had it not been for Barclays error in reporting incorrect information to credit reference agencies.

I know my current findings will be disappointing for Mr N. I don't disagree that Barclays error has contributed to his current situation, and I accept that its error will have caused Mr N distress and inconvenience. However, as I've found above, I can't reasonably conclude this solely meant he wasn't able to obtain a mortgage from Lender A on the terms set out within its Mortgage illustration.

I note Barclays has already paid Mr N £350 in line with my Ombudsman colleagues previous provisional decision; and removed the adverse information reported to his credit file. So, it therefore follows as I'm not currently concluding that Mr A's remortgage application with Lender A would have been successful solely for Barclays' error, I'm not intending to direct Barclays to take any further action than it already has in resolution of Mr N's complaint."

Barclays responded and accepted my provisional findings. Mr N didn't and provided further information for my consideration which I've summarised as:

- The provisional decision was too simplistic, trivializes his plight and makes assumptions
- The provisional decision doesn't address Barclays' removal/reduction of his MCA overdraft facility and any financial losses incurred
- I have no evidence to suggest Mr N's application wouldn't have been successful had it not been for the adverse information reported on Mr N's credit file
- Mr N has sold some of his properties because he was unable to secure lending with Lender A and cannot now obtain lending on similar terms
- Mr N has provided testimony from customers of Lender A which he considers supports his position

The £350 payment wasn't accepted and hasn't been paid by Barclays

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've not seen anything which leads me to depart from the conclusions I reached within my recent provisional decision. I appreciate this will be disappointing to Mr N. I'd like to assure him I've very carefully considered the further points he's raised in response to my provisional decision, and I've detailed my findings below.

I'm sorry Mr N feels my provisional decision was too simplistic and trivialised his situation. That was certainly not my intention.

Our service is an informal alternative to the Courts. This means we look to resolve complaints with minimum formality. We take into account relevant law and good industry practice, but our overarching consideration is to decide cases on what we view to be a fair and reasonable basis. We will carefully consider all of the evidence provided by both parties, but the focus of our investigations and findings are on what we consider to be the key points and considerations of a complaint. And where evidence is missing or incomplete, assumptions will sometimes need to be made in order to reach a decision. I understand that Mr N may not agree with the assumptions I have made in this case, but I've set out why I've made these assumptions based on the evidence (or lack of evidence) I have.

The complaint Barclays responded to, and which Mr N referred to our Service, was about the incorrect information Barclays had reported to credit reference agencies, and that this had impacted Mr N's ability to obtain lending with Lender A. Mr N's complaint didn't make reference to any concerns relating to the reduction/removal of his MCA overdraft facility, or detail any financial losses he incurred as a result of this. Therefore, my decisions, and the previous outcomes of my colleagues, have focused on addressing the complaint that has been brought to us to consider.

If Mr N has concerns relating to the removal/reduction of his MCA overdraft facility, and financial losses he says he has incurred as a result, he would first need to make this

complaint to Barclays. Our Service would only be able to consider this separate complaint once Barclays' regulatory eight-week period to issue a final response had passed, or if Mr N was unhappy with its final response received within this timeframe.

Mr N has argued there is no evidence to suggest his application with Lender A wouldn't have been successful, were it not for the adverse information Barclays reported to his credit file. As I set out within my provisional decision, there are a number of variables that Lender A, or any other lender, would consider when assessing a lending application. And as I've previously set out, based on the evidence I currently have I've not seen anything which leads me to safely conclude Mr N would have received lending on the terms set out by Lender A within its Mortgage Illustration, were it not for the information Barclays had reported to the credit reference agencies.

It follows that the same logic applies to Mr N's testimony that he has needed to sell some of his properties because he's been unable to secure lending. As I can't be satisfied Mr N would have obtained the lending with Lender A, I can't reasonably conclude Barclays should compensate Mr N for the losses he's suffered due to selling some of his properties.

I can't take into consideration the evidence Mr N has provided about other customer experiences with Lender A. We deal with cases on an individual basis. And as each situation is unique, I can't reasonably take into account these comments and apply other customers experiences of Lender A to the individual circumstances of Mr N's complaint.

Within my provisional decision I stated that Barclays had made a payment of £350 to Mr N following a previous provisional decision issued by one of my Ombudsman colleagues. However, on review of the evidence, and based on Mr N's recent comments, it appears Barclays amended Mr N's credit file but there is no confirmation that the payment of £350 was also made at this time. I still consider the £350 fair and reasonable as previously set out; so, Barclays will need to make this payment in resolution of this complaint.

Overall, the further information Mr N has provided hasn't changed the findings I reached within my provisional decision, for the reasons I've set out above.

I am sorry to disappoint Mr N with this outcome. I understand his strength of feeling in relation to his complaint, and his position on the matter. And I understand he is now in a position where he has and may need to make tough decisions in relation to his property portfolio. But based on the evidence I have I can't safely be satisfied Mr N's BTL application with Lender A would have been successful, were it not for the sole reason that Barclays had reported adverse information to credit reference agencies.

Putting things right

Barclays has already updated the information reported to Mr N's credit file. But as it appears it hasn't paid Mr N £350 as I had previously concluded, it now needs to take this action in resolution of the complaint.

My final decision

For the reasons set out above my final decision is that I'm upholding Mr N's complaint about Barclays Bank UK Plc and I direct it to pay Mr N £350.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 22 February 2024.

Richard Turner
Ombudsman