

The complaint

Mr and Mrs M's complaint is about a mortgage account with Barclays Bank UK PLC.

Mr M, who has dealt with the complaint throughout, says that, because of incorrect information provided by Barclays, he and Mrs M made the decision to sell their property and buy another, on the understanding they could port (transfer) their mortgage interest rate product onto the new property and that the new mortgage could be at a 95% loan-to-value ratio (LTV).

This turned out not to be correct, so Mr and Mrs M went to another lender, as a result of which they incurred an early repayment charge (ERC) of about £4,100, which they would like Barclays to reimburse.

What happened

I won't set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat all the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs M being identified.

In addition, Barclays has acknowledged it made a mistake, and has paid compensation of £450, which Mr and Mrs M have accepted. As a result, I don't need to analyse the events in detail in order to decide whether or not Barclays is at fault; all I need to determine is whether the bank has done enough to put things right, or if Barclays needs to do anything more.

So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Mr and Mrs M took out a mortgage with Barclays in 2022. They borrowed just over £147,000 on a five-year fixed rate. If the mortgage was repaid during the fixed-rate period, an ERC of 3% of the amount repaid would be payable. The mortgage was also part of the Help to Buy scheme, which provides an equity loan to help first-time buyers.

In January 2024, with three years left to run on the fixed-rate product, Mr M spoke to Barclays about moving house and porting the mortgage onto a new property. Mr M was told that a mortgage of up to 95% LTV would be possible. However, this was incorrect, as Barclays only offers 95% mortgages under a government scheme called the Mortgage Guarantee Scheme (MGS), and these are only available for first-time buyers.

It's not possible to top-up an existing Barclays mortgage to a 95% LTV and then port it into the MGS. In addition, because of the HTB scheme, a LTV of 95% was also not allowed.

In fact, if they were porting their existing interest rate, Mr and Mrs M's mortgage only allowed them to port up to 75% LTV. They could borrow up to 90% of the LTV on a new property with

any additional borrowing over and above the ported LTV being taken on another Barclays' interest rate product.

Barclays' error about the 95% LTV didn't come to light until mid-March 2024. Mr and Mrs M have told us they were already invested in their new purchase and had found a buyer for their property. Reluctant to withdraw from the transaction, Mr and Mrs M went ahead with the sale and purchase, as a result of which they incurred the ERC of just over £4,100 on redemption of their Barclays' mortgage.

Mr M complained to Barclays on 19 March 2024. The bank acknowledged it had given Mr M incorrect information in January 2024. Barclays offered compensation of £400, which it increased by a further £50 due to delay in actioning Mr and Mrs M's acceptance of this. However, Mr M then said that he wanted the ERC waived, but Barclays declined to do this.

Dissatisfied with Barclays' response, Mr and Mrs M brought their complaint to the Financial Ombudsman Service. An Investigator looked at what had happened. He thought the payment of £450 for poor customer service was fair, but overall didn't think the bank was required to refund the ERC.

Mr M asked for an Ombudsman to review the complaint. He made some further points, which I have summarised below:

- Although he acknowledges an Agreement in Principle doesn't guarantee that a mortgage offer will be made, Barclays' website says it is an indication of whether the bank would be prepared to lend the specified amount. Because he'd been told a 95% LTV would be possible, there was no reason for him to doubt that a mortgage offer at 95% LTV wouldn't follow.
- They were entitled to rely on the information they'd been given by Barclays' mortgage "experts" and if they'd been told there was an ERC, they wouldn't have gone ahead with the move.
- Mr M said that they'd decided to proceed with their sale and purchase because they felt compelled to. Their young son was very excited about the move, and particularly liked the new garden, and they didn't want to disappoint him, so they felt under emotional pressure to proceed.
- Mrs M was told that Barclays had honoured a similar situation for another customer, so they feel they are being treated unfairly.
- Barclays has violated its own terms and conditions by not providing adequate compensation. The £400 offered (plus £50 for delay in paying this) is at the lower end of the scale and in no way compensates them for the distress they've been caused.

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.

There is no doubt Barclays made an error when it told Mr and Mrs M that they could port their mortgage interest rate product onto a new mortgage on the property they wanted to move to, with a top-up of additional borrowing up to 95%.

This is not something that would ever have been possible, and so Mr and Mrs M haven't missed out on something they could have had. This is because a loan with a 95% LTV was only available for first-time buyers applying for mortgages that were covered by the MGS. Mr and Mrs M did not fall into that category.

Barclays has explained that Mr and Mrs M could have borrowed up to 90% LTV, porting their existing product with a maximum LTV of 75%, and with any additional borrowing needing to be on a new product from Barclays' range of products available at the time of the application. However, no application was made and so Barclays was never put in the position of being able to consider whether a 90% LTV mortgage would have met lending criteria.

The error by Barclays came to light in mid-March 2024, but the sale and purchase didn't complete until 10 June 2024. I'm therefore not persuaded that Mr and Mrs M had no option but to proceed with the transaction, at the point where Barclays' error was discovered.

I've noted what Mr and Mrs M have said about how they felt compelled to proceed due to the emotional investment, and because their young son was excited about moving and they didn't want to disappoint him. But I don't think I can hold Barclays responsible for the decision Mr and Mrs M made to go ahead with the transaction after they learned Barclays couldn't offer them the mortgage they wanted.

I can't comment on whether Barclays has waived ERCs for other customers; this decision is about Mr and Mrs M's individual complaint. Because Mr and Mrs M redeemed their mortgage during the fixed-rate period, an ERC was payable, in line with the terms and conditions of the contract.

In all the circumstances, I'm not persuaded that Barclays is required to reimburse the ERC, given that it was Mr and Mrs M's choice to continue with their sale and purchase.

I've considered whether the £400 compensation paid for the incorrect information is fair. Overall, I'm satisfied it is fair in all the circumstances. Mr and Mrs M accepted this compensation, as well as £50 for a two-week delay in paying the £400. Because I'm satisfied this is fair, I'm not going to order Barclays to do anything further.

My final decision

My final decision is that I don't uphold this complaint.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 23 December 2024.

Jan O'Leary
Ombudsman