

The complaint

Mr and Mrs Z complain that when they applied to port their existing Buy To Let mortgage with Barclays Bank UK PLC, it charged them for a valuation on the property they wanted to buy, then turned down the borrowing on grounds of affordability.

What happened

Whilst this complaint is brought by both Mr and Mrs Z, as the mortgage is in both their names, our dealings have been with Mr Z. So I'll mainly refer to him in this decision.

Mr Z told us he wanted to port an existing Buy To Let ("BTL") mortgage with Barclays to a new property. He said that the existing mortgage had a very favourable interest rate.

Mr Z told us he made his application, and paid for a valuation. He said he'd been told the valuation wouldn't be done until after his affordability had been checked, but when the fee was taken, the valuation was done straight away. Mr Z said this was in advance of the standard checks. And then the application was declined, apparently for affordability. So Mr Z had to pay an early repayment charge ("ERC") to get out of his existing lending with Barclays.

Mr Z said his affordability hadn't changed for some years, so he thought Barclays had just turned down this application because the interest rate he was on was favourable. Mr Z wanted the valuation fee and the ERC refunded.

Barclays said it hadn't done anything wrong. It had checked affordability for Mr and Mrs Z, on the basis of what they had told it about their earnings. But it had later found that it couldn't confirm some of the information they had provided. So Barclays said it could no longer be sure that this lending would be affordable for them.

At first, our investigator thought this complaint should be upheld, but Barclays objected, explaining how it hadn't been able to verify income for Mr and Mrs Z. So our investigator wrote to Mr Z, asking him to send his P60 up to April 2023, his payslips for May, June and July 2023, and a letter from HMRC explaining his tax position for 2023. Mr Z indicated he would respond, but didn't send this documentation.

Our investigator then changed his mind. He said Barclays has to be comfortable that the relevant income could be independently verified for this mortgage to be affordable. When that wasn't possible here, Mr and Mrs Z's application was declined. Our investigator didn't think that was unfair or unreasonable, and he said that he wouldn't ask Barclays to do anything further.

Mr Z still thought Barclays had only declined his application because he was on a favourable interest rate, with over a year left at that rate, and declining would mean he would have to pay an ERC. He didn't think that Barclays' decision had anything to do with affordability.

Mr Z wanted this complaint to be considered by an ombudsman, so the case was passed to me for 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.

I've reached the same overall conclusion on this complaint as our investigator.

I should start by saying that Mr Z has made a number of requests for documentation, which he says have only been fulfilled in part by our service. I do think that Barclays, and indeed our service, has provided Mr and Mrs Z with sufficient information to understand the reasons why their mortgage application was declined, and to allow them to provide a full response on this complaint. So I don't consider there is any unfairness in my reaching a decision on this case now.

The facts here are simply put. Mr and Mrs Z applied for a mortgage. Barclays was initially happy that this lending would be affordable for them, based on information that Mr and Mrs Z had given Barclays about their income.

I don't think it was unreasonable for Barclays to then carry out a valuation on the property that Mr and Mrs Z wanted to buy. I understand Mr and Mrs Z had been charged for this, and that the fee would no longer be refundable once the valuation was completed. But I haven't seen anything to make me think Barclays ought to have anticipated the problems that later arose here, and ought to have delayed the valuation. So I don't think Barclays has to pay that fee back now.

Barclays changed its mind about the lending that it had previously felt comfortable making to Mr and Mrs Z, when it wasn't able to validate the information they had supplied about their income. I have no reason to doubt what Barclays has said about this.

Barclays declined to lend, and I understand Mr Z then paid an ERC when he sold the mortgaged property and redeemed his mortgage. I have seen the original documentation which shows an ERC was payable on the lending to Mr and Mrs Z if it was redeemed before 31 August 2024, so I don't think Barclays made a mistake here in charging that.

Additionally, I should also note that our service has repeatedly invited Mr and Mrs Z to supply information about their income and their tax position at the time their application was made. This invitation was made twice before our investigator changed his mind about the appropriate outcome on this case, and it was repeated, at my request, before this decision.

Mr and Mrs Z have declined to do this. Mr Z said in response to our latest request that asking for more information now was "*neither reasonable nor required*".

So the circumstances of this case would appear to be that Barclays has expressed concerns about the information it received on Mr and Mrs Z's income. And Mr and Mrs Z have declined the opportunity to evidence that those concerns were not well founded. In these circumstances, I'm not able to say here that Barclays has made a mistake in declining to lend to Mr and Mrs Z, and I don't think it would be fair and reasonable to uphold this complaint.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Z and Mr Z to accept or reject my decision before 30 December 2024.

Esther Absalom-Gough
Ombudsman