

The complaint

Mrs S complains about how Barclays Bank UK PLC handled her mortgage application and that it reduced the amount it was prepared to lend to her.

What happened

Mrs S had an existing joint mortgage with Barclays. She wanted to remove her ex-partner from the mortgage and increase her total borrowing to just over £68,000.

Mrs S asked Barclays for a decision in principle through her broker. On 28 June 2024, Barclays sent a "mortgage decision" to Mrs S. It said that Barclays could lend her just over £68,000 subject to a full application being made.

One of the requirements of the application was that Mrs S would need to provide proof of her income. But when this was supplied, it came to light that Mrs S's income was lower than originally stated. So, eventually, the maximum that Barclays was prepared to lend was just over £26,000.

Mrs S complains that Barclays unfairly reduced the amount it would lend to her. She said it left her in a difficult position and that Barclays provided a poor service,

The investigator thought that Barclays' offer of £350 was a fair and reasonable way to settle the complaint. Mrs S did not accept what the investigator said.

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 was sorry to hear what Mrs S has been through and I don't doubt the impact of what happened on her. While Barclays did not always handle things as well as it should have, I don't think it acted unfairly when it reduced the amount it would lend to her. I will explain why.

When Mrs S's broker first asked Barclays how much it would lend to Mrs S, it incorrectly input her annual overtime earnings as her monthly overtime earnings. So when Barclays indicated that it would lend Mrs S over £68,000 it was based on her income being higher than it actually was.

I would add that when Barclays told Mrs S how much it might lend, it was clear that was not a formal mortgage offer, that it was not obliged to offer her a mortgage and that the decision was subject to further checks. I don't consider that Barclays ever guaranteed that it would lend Mrs S over £68,000.

When Barclays checked the proof of income that Mrs S supplied it came to light that her income was significantly lower than it originally thought. Mrs S was taking the mortgage on in her own name and increasing the amount she was borrowing. In those circumstances a mortgage lender is required to carry out affordability checks in line with the relevant rules – that includes verifying the income that was declared. So Barclays had to assess affordability based on the income that Mrs S had evidence of.

Barclays eventually decided that the maximum it could lend Mrs S was just over £26,000. While Mrs S said she wanted to go ahead on that basis, Barclays has explained that she can't as that would not be enough to repay the existing mortgage – Barclays ought to have identified that sooner than it did.

Ultimately I don't consider that Barclays' decision on the maximum it would lend to Mrs S was reached unfairly or unreasonably. It had reasonable grounds to decide that Mrs S could only afford a mortgage of just over £26,000. In saying that, it is not in dispute that Barclays has not always handled things as well as it should have. That has contributed to – but not been the sole source of – a great deal of avoidable confusion regarding what Mrs S wanted to do, what was happening and how much it could lend to Mrs S.

After looking at everything that happened, I agree with the investigator that £350 is a fair amount to reflect the distress and inconvenience Mrs S suffered as a result of this matter because of any acts and omissions by Barclays.

I accept that the Mrs S has suffered a lot of upset, worry and inconvenience because of what happened. But that is partly because Barclays could not lend her as much as she needed – and that was not due to an error by Barclays. And Barclays was not responsible for all of the confusion or raising her expectations in the first place. So overall, I think the offer of £350 is fair.

My final decision

My final decision is that Barclays Bank UK PLC should pay Mrs S £350.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 24 April 2025.

Ken Rose
Ombudsman