

The complaint

Mr and Mrs M complain that Barclays Bank UK PLC (Barclays) failed to inform them that they needed consent from their Help to Buy (HTB) provider in order to obtain a further advance on their mortgage.

What happened

Mr and Mrs M wanted to take out a further advance on their mortgage with Barclays. They say that they completed an affordability assessment and were told that the application was agreed in principle. As Mr and Mrs M had a HTB loan, it was a requirement of the further advance that they obtained consent from their HTB provider for the additional borrowing. However, Barclays did not advise them of this until the process was nearing completion. The HTB provider did not give consent and Barclays therefore would not lend Mr and Mrs M the additional funds. Mr and Mrs M say that this meant they had to take out alternative finance at short notice at a higher interest rate. Mr and Mrs M would like Barclays to refund the difference in the interest rate due to its error.

Barclays accepted that Mr and Mrs M had been incorrectly advised throughout in relation to the steps they needed to take to ensure their application was progressed correctly. It accepts that Mr M wasn't told during his calls with Barclays that he required consent from his HTB provider for his application to progress. He had been led to believe that the application would meet the affordability criteria but subsequently consent wasn't provided, which caused delays. Barclays offered Mr and Mrs M £500 in respect of the distress and inconvenience caused.

Barclays would not compensate Mr and Mrs M for the fact that they had to take alternative lending elsewhere as it says that all applications are subject to underwriter review and even if they had been given the correct information, it would not have been guaranteed that the application would have been accepted.

Our Investigator looked into Mr and Mrs M's complaint and did not think Barclays needed to take any further action. He thought that – had Mr and Mrs M been told from the outset about the requirement for consent from the HTB provider – it was likely that the HTP provider would still have declined the request. The Investigator was therefore of the view that Mr and Mrs M never would have qualified for a further advance from Barclays and would always have needed to find an alternative option. As it was their decision to take out alternative finance, he said that he was unable to ask Barclays to cover any interest or costs relating to this. Nevertheless, the Investigator found that there had been a loss of expectation and that the £500 offered by Barclays in respect of the distress and inconvenience caused was fair.

Mr and Mrs M disagree with the Investigator's view, so the case has come to me to make a decision. They say that it is gross incompetence for Barclays to have agreed to a mortgage in principle on three occasions, only for it to finally change its mind. Mr and Mrs M say that they were unable to plan their finances in these circumstances. They say that the payment of £500 is derisory given the hours that they have spent speaking to Barclays on three occasions and producing the necessary documentation for the application. This is in addition to the anguish and worry caused and the additional cost incurred in securing funds elsewhere.

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 looked at the evidence, I agree with the Investigator's view for broadly the same reasons and I've explained my reasons further below.

Barclays accepts that Mr M spoke with three different mortgage advisers in relation to completing the further advance, and that none of them mentioned that he would need consent from the HTB provider in order to proceed with the application. So there is no dispute that Barclays did something wrong. The issue I need to decide is whether Barclays has done enough to put things right in the circumstances of this case.

The role of this Service is not to punish a business when it has got things wrong, but to put the customer back in the position they would have been in, had things happened as they should have done. So I need to think about what would have happened if Mr and Mrs M had been given the correct information regarding needing consent from their HTB provider at the outset of their application for a further advance.

I should say that a decision in principle is an *indication* of what lending might be possible subject to the rest of the application being completed. It is not a formal offer or guarantee that this amount will be provided. So the fact that Barclays may have agreed to lend the money in principle would not of itself mean that the application would have been successful.

In the circumstances of this case, I think it most likely that the HTB provider would not have consented to the further advance had Mr and Mrs M approached them at the outset of the application process. I say this as they did not consent at the stage Mr and Mrs M *did* approach them – which was only two months later – and I haven't seen that there was anything which could have made a difference to this decision within that time frame.

This would have meant that Mr and Mrs M would have had to source alternative finance elsewhere at that stage if they had still wanted the funds, which is what they ultimately did. So I won't be asking Barclays to cover any costs or additional interest in them having to take out a loan elsewhere, as they would always have had to do this if they had still wanted the funds.

Having said this, I can appreciate the inconvenience caused to Mr and Mrs M by them having to do this after they had already spent some time providing documentation to Barclays, and the fact that this could have been avoided if they had been aware of the need to seek consent from their HTB provider earlier. This also meant that they had a shorter timeframe within which to secure the additional funds, which I can appreciate made the process more stressful.

In my view, the offer of £500 made by Barclays is fair to recognise the distress and inconvenience caused to Mr and Mrs M by its errors. I know my decision will come as a disappointment to Mr and Mrs M, but I'm not going to ask it to increase this.

My final decision

For the reasons I've explained above, I don't uphold this complaint and don't require Barclays Bank UK PLC to do anything further.

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

Rachel Ellis
Ombudsman