

The complaint

Mr and Mrs A complain that Barclays Bank UK PLC shouldn't have provided them with a mortgage on a property in 2018 as the property's method of construction involved Pre-Cast Reinforced Concrete ("PRC") and didn't meet the standard of repair required under Barclays' lending criteria.

What happened

In 2018 Mr and Mrs A applied for a mortgage with Barclays to buy a house for £325,000. At the time Mr and Mrs A say that they were aware that the property was of a steel frame construction but not that it was a PRC property requiring any sort of certification. Barclays got a valuation to confirm that the property would provide security for the loan. Mr and Mrs A didn't get their own survey done. The valuer agreed that the property was worth £325,000 but reported under a heading "General Observations" that

"The general condition of the property appears consistent with its age and type of construction. The property is of Unity PRC construction. We understand the property has been repaired under an approved scheme. Legal advisors to confirm."

But Barclays didn't ask the conveyancers to confirm the repair of the property under an approved scheme. As the valuer had valued the property giving a figure as opposed to inserting a nil valuation, Barclays proceeded with the loan. Mr and Mrs A got the mortgage of £292,500 paying the balance of £32,500 to buy the house from their own resources.

At the end of 2023 Mr and Mrs A decided to sell the property. They completed on the purchase of another property in 2023 and later in 2024 they accepted an offer of £353,000 for their house. But the purchaser had a problem because Barclays, as the purchaser's intended lender, refused to lend to the purchaser. The purchaser told Mr and Mrs A that Barclays required PRC certification or a specialist structural engineer's report confirming the property's structural integrity.

As there was no PRC certification, Mr and Mrs A along with the prospective purchasers commissioned such a structural engineer's report at a cost of £840 which they say found that the property's remedial work was of such a high standard that it ensured structural integrity even if the original construction type were to fail. But Barclays still wouldn't lend on the property and the sale that was expected to complete on 30 June 2024 fell through.

Mr and Mrs A complained to Barclays and now to us saying that Barclays shouldn't have lent them the money to buy the property in the first place and having lost the sale they would have to sell the property at auction. Mr and Mrs A say they would like the following compensation:

- The difference between the original agreed sale price of £353,000 and the auction reserve price of £290,000
- The ongoing property costs since the sale fell through in June 2024.
- The cost of the structural survey and the fees incurred in trying to sell the property.
- Compensation for their distress and inconvenience

Barclays in its final response letter of August 2024 said that it was aware that the property was of a PRC construction when it first lent to Mr and Mrs A as it was identified as such by its valuer. But it said that its policy had now changed, and it now made the decision not to lend on such properties.

Our investigator's view

Our investigator didn't recommend that this complaint should be upheld as it was a matter for Mr and Mrs A to arrange their own survey when they bought the property to see if the property was suitable for them and Barclays had done nothing wrong as it applied the criteria that applied at the time they made the purchase and could change this.

Barclays then reviewed its position and confirmed that its policy on lending on these types of properties was actually the same in 2018 and 2024 namely that it will not approve a mortgage on a property with a PRC construction unless it can be shown that it was repaired under a licenced scheme with all PRC elements removed. Mr and Mrs A's property is of PRC construction, was repaired but there is no certification that an approved person repaired it. Barclays now says that it shouldn't have taken on the security in 2018 but did so because the valuer had submitted a report showing the value of the property as adequate security for the loan.

Barclays say as the report showed a valuation of £325,000 rather than a nil valuation pending the PRC certification, it was approved. The bank also says that in any case the valuation was for its own purposes and not for the customer and the customer shouldn't have relied on it and could have commissioned their own survey.

Our investigator's revised view following the further information from Barclays was that as there was an error in the valuation commissioned by Barclays, it wasn't responsible for the valuer's findings and in any case the valuation was for Barclays' purposes and Mr and Mrs A shouldn't have relied on it to purchase the property. Our investigator didn't recommend that this complaint should be upheld. Mr and Mrs A disagreed and asked for a review.

my provisional findings

As my view of this complaint differed from that of our investigator I issued a Provisional Decision in this complaint as follows

"Mr and Mrs A's complaint in summary is that Barclays shouldn't have provided them with a mortgage in 2018 as the property didn't meet Barclays' lending criteria then or subsequently. As a result Mr and Mrs A say they have had difficulty selling the property and have had to accept a substantial reduction in the price to sell the house. I set out the difficulties Mr and Mrs A say they had in selling the property below.

After buying another property in late 2023, they agreed a sale of this property in April 2024 for £353,000. This ended in June when the purchasers couldn't get a mortgage, coincidentally from Barclays. A structural engineer did a report and told Mr and Mrs A that the property "would not commonly be mortgageable due to being classified as defective under the 1984 Housing (Defects) Act." Mr and Mrs A then say that later in July 2024, they tried to sell the property through estate agents at a reduced price of £300,000 but got no offers at that price. Then in September 2024 they listed the property for sale by auction with a start price of £270,000 and a reserve of £290,000 promoted to cash buyers only. An offer of £250,000 was accepted but fell through on 11 October 2024 apparently because the buyers couldn't obtain a mortgage on the property. The property was then re-listed, and an

offer accepted for £250,000 but the sale fell through when the purchaser reviewed the property details and realised they had overlooked the uncertified PRC status. Mr and Mrs A then accepted an alternative offer of £210,000 in November. This sale completed on 26 February 2025 but meant that Mr and Mrs A had to take out a mortgage of £60,000 on their new property to pay off the balance of the loan due to Barclays.

The difficulty for Mr and Mrs A in selling the house became apparent when Barclays refused their intended purchaser a mortgage in June 2024. Mr and Mrs A say that Barclays told the purchaser that a specialist structural engineers report could serve as security provided it confirmed the property's structural integrity. Mr and Mrs A agreed with the purchaser to share the cost of a Report in the hope of getting the property sold. I've read the Report. It says that this property like several nearby is one of PRC construction and one of a type designated as defective under the 1984 Housing (Defects) Act after the discovery in a number of similar properties of defects such as horizontal cracking of the PRC columns and lintels so is not generally considered suitable security for mortgage lending.

An approved repair scheme was instigated following the 1984 Act to allow such properties to be repaired and approved for service. The engineer noted that like most of the houses in the locality this property had been renovated by the local authority, but the repairs were not carried out in accordance with the recommendations of PRC Homes Ltd. In particular the precast concrete components had not been removed presumably on the basis that these were undamaged at the time. Although the engineer described the property as not commonly suitable for mortgage lending because of the method of its construction, the engineer's conclusion is that "the property is in sound structural condition with no significant defects requiring remedial action."

When Mr and Mrs A bought the property in 2018 this issue of the PRC construction was flagged by the surveyor appointed to value the property by the lender but, despite that, Barclays approved Mr and Mrs A's application for a mortgage. When the complaint was processed in 2024, Barclays understood that its policy on this type of dwelling might have been different in 2018 rather than 2024 as the property was approved for a mortgage despite what appears on the valuer's report. But Barclays now accepts that it should not have approved a mortgage on this type of property at the time without appropriate certification.

I've looked at Barclays' lending criteria. In order for Barclays to lend on this type of property it requires confirmation that the property has been repaired using an approved system. The criteria then list a number of documents which would evidence that this has been done, and which Barclays requires should be available prior to completion.

Barclays says that it was the surveyor's fault in 2018 that the mortgage was approved as the valuation report was not completed in a format that its automated system would have recognised. It says that the valuer should have inserted a nil valuation. But a reading of the Valuation Report would have identified the problem. At Part 5 "Property Construction", it says that the property is not of standard construction and is "Unity PRC". I've quoted above from the "General Observations" part of Section 9 of the Valuation Report. The surveyor seems to have been told that the property was repaired under an approved scheme and, if so, Barclays lending criteria required documentary confirmation of that prior to completion, such evidence to be lodged with the title deeds. Presumably, that's why the surveyor says that the legal advisors should confirm.

So, the surveyor in 2018 alerted Barclays to the problem in writing on the report and expected Barclays to include it as a condition of the mortgage offer requiring the solicitors to obtain evidence of approved repair before completion. Barclays did not follow that up and approved the mortgage despite the mortgage not meeting its lending criteria.

What follows from that? I have to consider the role of Barclays here and what duty it owed Mr and Mrs A. Mr and Mrs A approached Barclays for the money to buy a house they had chosen to buy. So, they engaged Barclays to provide a loan and Barclays role was to consider fairly that application. But Barclays had no role in choosing the property or advising Mr and Mrs A on the suitability or otherwise of the house that they were buying. As it turned out, unfortunately for Mr and Mrs A, this was a bad buy for resale purposes, but it was Mr and Mrs A's choice as to whether to buy it and whether or not to take further advice before buying the property e.g. by getting their own survey done. I note that they were aware that the property was of a steel framed construction which would be unusual and that might well have alerted them to getting their own survey done but they chose not to.

Mr and Mrs A engaged Barclays to provide part of the purchase money but the decision on how the money was used was the responsibility of Mr and Mrs A. Barclays, simply because it approved the loan, was not responsible for whether the purchase turned out to be a good or bad bargain for Mr and Mrs A. For its own purposes Barclays got a valuation of the property to make sure the loan was secured by the value of the property purchased but did not follow up on the valuer's advice.

But, that valuation was for its own purposes. In the letter to Mr and Mrs A enclosing a complimentary copy of the Report it says that "this report has been prepared for Barclays use only and you must not therefore assume that if Barclays offer you a mortgage, the property is suitable for your requirements." Further it says, "Neither the Valuer nor Barclays accept any responsibility or liability for any reliance placed on the Valuation report even if the report contains errors omissions or inaccuracies." I note that Mr and Mrs A don't have a record of receiving the valuation report in 2018.

In any case whether Mr and Mrs A received the Report or not, Barclays was making no commitment to Mr and Mrs A that in fact the property was worth what they were paying for it. If, as appears to have happened here, Mr and Mrs A made a poor choice in the type of house they bought, the responsibility for that, in my view, fairly lies with Mr and Mrs A and not with Barclays. I appreciate that Mr and Mrs A made a substantial loss on the property - Mr and Mrs A have set those losses out in detail for me - but that is not in my view Barclays fault.

Which is not to deny that Barclays made an error and provided the money to Mr and Mrs A when its lending criteria required it to make a further check on the documentation before that money was released. But that check was to protect Barclays when it lent on this type of property. Barclays failure to instruct the solicitor to check the documentation for its own purposes does not in my view entitle Mr and Mrs A to compensation for the consequences of their failure to do their own due diligence on the property they were buying.

But I believe that the complaint should be upheld on other grounds although that doesn't alter my view that Barclays is not responsible for causing the financial loss Mr and Mrs A suffered. The FCA Principles say that a firm should conduct its business with due skill care and diligence and in not paying proper attention to its own valuation and not conducting the check on the documentation recommended by its valuer, I believe that Barclays fell below that standard. Barclays also wrongly told Mr and Mrs A that its lending criteria for properties affected by PRC was different in 2018 than presently when in fact similar criteria applied. I believe that these failures would have been distressing for Mr and Mrs A and that an award of £500 represents fair compensation for that.

I issued my Provisional Decision and invited further submissions from Mr and Mrs A and from Barclays before reaching my final decision. Barclays accepted my Provisional Decision. Mr and Mrs A disagreed and referred me to another complaint dealing with a PRC property in which our Ombudsman directed the bank to pay a portion of the financial shortfall incurred

by the complainants. Mr and Mrs A say that in that case the bank mistakenly approved a mortgage on a PRC property without confirming PRC certification, the purchasers relied on the bank's approval as a signal of the property's mortgagability, had difficulties selling and the bank accepted that it should not have lent on the property and wonder why with this factual alignment was there case treated differently?

Mr and Mrs A also say that had Barclays had followed its own rules that there would have been a search for documentation that didn't exist and the purchase would have been proceeded with and their loss was a direct and foreseeable result of Barclays failure to follow its own rules. Mr and Mrs A say that my distinction between the bank's obligations and their purchasing decision is neither realistic nor consistent with how purchasers interact with lenders and that it's a valid assumption to make that if a bank lends on a property it must be broadly mortgageable and that the bank's disclaimer that the valuation was for its own use only should not absolve the bank when it's their internal policy breach that enables the transaction in the first place.

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 thank Mr and Mrs A for their further submissions. I was familiar with the decision in the complaint that they quoted to me above. I noted that this was a property that could be repaired and the Ombudsman awarded the complainants one third of the repair costs. I'm also familiar with another decision where the Ombudsman with similar facts to these didn't uphold the complaint. My role is not to reconcile these decisions but to come to a fair decision on the facts of the case brought by Mr and Mrs A.

In this case Mr and Mrs A bought a property that they had difficulty selling so that they had to take a substantial reduction in price. The problem was that the property's construction involved PRC and the property has been difficult to sell because it's not been repaired to a certified standard. My role is to decide if the financial loss that Mr and Mrs A suffered was Barclays fault and I remain of the view that it wasn't. It was Mr and Mrs A's decision to buy the property and for them to decide what investigations they wished to make about the condition of the property they were buying. It may turn to be a good buy or not, but I don't consider it's fair to ask Barclays to reimburse them if turns out to be a bad buy.

Barclays role was to provide finance if Mr and Mrs A decided to buy the property, not to provide advice on the condition of the property. Like any secured lender it does a valuation for its own purposes to confirm if the property is good security for the loan. But that valuation is for its own purposes not for Mr and Mrs A. It's not clear whether Mr and Mrs A received a copy of the valuation that Barclays sent out as they don't recall getting it. If they did Barclays tells them that they "*must not therefore assume that if Barclays offer you a mortgage, the property is suitable for your requirements.*" That's fairly clear and Mr and Mrs A should know from the correspondence that the valuation was for Barclays purposes only. But even without the correspondence why should Barclays be liable for compensating Mr and Mrs A for their loss? It didn't choose the property or advise them on the purchase. Mr and Mrs A could have got advice about the condition of the property through commissioning a survey - it's not unusual for purchasers to do that - and particularly in this case as they knew that the property was of an unusual construction and such a survey would have alerted them to any problems with the property. Mr and Mrs A had options to protect themselves but didn't use those.

Barclays provided the money because Mr and Mrs A wanted to buy that property and it's that purchase decision that caused the loss. I don't agree that Barclays warranted anything about

the condition of the property. All I believe that can be said about Barclays actions is that Barclays was willing to provide finance to Mr and Mrs A on the security of the property at the time of application. As each lender has different lending criteria I can't see how it can be implied that Barclays was saying that the property was in any way appropriate security for any lender looking at this property in the future. Granted if it had paid proper attention to its own valuation, it might well not have provided the money. But Mr and Mrs A wanted the money to buy the property and having got it from Barclays under the terms of the mortgage I don't see why they shouldn't have to pay it back. So, for the reasons set out above I believe that my Provisional Decision represents a fair outcome to this complaint.

My final decision

My decision is that Barclays Bank UK PLC should pay Mr and Mrs A £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs A to accept or reject my decision before 1 August 2025.

Gerard McManus
Ombudsman