

## **The complaint**

Mr S complains that Barclays Bank UK PLC unfairly declined his application for a further advance on his mortgage.

## **What happened**

Mr S has a mortgage with Barclays. He carried out some home improvements that he paid for with interest free credit cards. In October 2023, he applied to add those debts to his mortgage. He said he received an application in principle for £35,000. But when Barclays later considered the application, it declined it.

Mr S considers that Barclays did not process his application correctly. He said that it made mistakes and calculated his income incorrectly. As a result, his application was declined and he had to take a more expensive second charge loan instead. Mr S said a mortgage adviser said he should have qualified for the further advance he was seeking in October 2023.

The investigator did not think the complaint should be upheld.

Mr S did not accept what the investigator said. He responded to make a number of points, including:

- There were three phone calls, but Barclays had only provided one recording.
- Barclays said that it couldn't confirm if his application would be declined as it had not been sent to its underwriters. If it had been, it would have been approved.
- His mortgage adviser had confirmed the information he was given in October 2023 was incorrect.
- He did not accept what Barclays told him – but he understood it was the correct information.
- He's been able to borrow £47,000 from Barclays despite his income being the same as it was in 2023, but with higher debts.

Barclays later provided recordings of a further five phone calls with Mr S. After listening to those recordings the investigator still did not think the complaint should be upheld.

## **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 don't think the evidence we have supports that Barclays declined Mr S's application. Rather, it told him that it could not lend him as much as he wanted. In a phone call with Mr S, after looking at Mr S's payslips, Barclays said that his income did not support that the amount he wanted to borrow was affordable. It explained that Mr S's basic income was lower

than he initially declared and that it couldn't take into account some of his income. For example, it could not use his bonus income as he'd only received it for two months and it was not reflected on a P60.

Looking at the information I have, I can't see any evidence to show that Barclays' incorrectly assessed Mr S's income. The explanation it has given in the phone call is reasonable. Many lenders require a track record before including bonus income.

Mr S considers that Barclays misread his payslips and that led to it using the wrong figures in its calculations. But looking at the payslips Mr S has given us and what Barclays said in the phone calls it had with him I do not consider that it misread his payslips. Barclays confirms his income and that it has taken into account the car allowance – and that is in line with the information on the payslips Mr S has given us.

Barclays also explained that its affordability assessment was not as straightforward as looking at Mr S's income and outgoings. It said that it had to think about potential interest rate increases in the future. That is correct. Under the relevant rules it must consider the effect of future interest rate rises over a minimum of five years (a stress test). That means it should not only take into account the interest rate that applied at the time of application, but also market expectations of what interest rates would be in the future and must assume that interest rates would go up by at least 1%.

The wider financial environment was different in February 2025 when Mr S made a successful application for additional borrowing, than in October 2023 when the application was declined. Putting aside the income considerations, there was likely to be different affordability considerations for a lender at each of those times.

In October 2023, Barclays told Mr S it could offer him five-year fixed interest rates of between 5.27% and 5.45%. While there was no requirement for Barclays to undertake a stress test on the new borrowing, it would be required to do so on the existing borrowing as it had less than five years remaining on the fixed rates.

In February 2023, Mr S took the additional borrowing on a five-year fixed rate of 4.32%. While there was no requirement for Barclays to undertake a stress test on the new borrowing, it would be required to do so on the existing borrowing as it had less than five years remaining on the fixed rate.

There is a clear difference in affordability considerations between each of the applications. The interest rates available in October 2023 were higher than the later application. It follows that the stress test applied would have been higher too.

Overall, I can't see that the fact Mr S was able to successfully apply for additional borrowing in 2025 shows that Barclays made a mistake in October 2023. It has given good reasons why it could not use Mr S's bonus income and that his payslips did not support the basic salary he initially declared. And the affordability considerations are likely to have been different because interest rates were higher at in October 2023.

In the circumstances, and bearing in mind what in my experience is good banking practice, I would not expect a lender to submit a full application to underwriters if an application had failed its preliminary affordability checks undertaken as part of the advice it was giving. I would not consider it reasonable for a lender to progress a application where it was not satisfied the new borrowing was affordable. That would likely cause avoidable inconvenience to the consumer.

Further, Barclays told Mr S that it could look at things again in January 2024. While Barclays

did not contact Mr S as it should have, there was nothing to prevent Mr S contacting it to look at things again. Barclays has already paid Mr S £350. In all the circumstances, I consider that was a fair amount to reflect any distress and inconvenience Mr S suffered as a result of it failing to contact him as agreed.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 October 2025.

Ken Rose  
**Ombudsman**