

The complaint

Mr B complains that Barclays Bank UK PLC misled him about the amount of money he would have available when he ported his mortgage to a new property.

What happened

Mr B has a mortgage with Barclays. In 2024 he decided to move house and applied to port his existing mortgage to the new property. Barclays accepted the porting application.

On 30 September 2024, Mr B spoke to a Barclays adviser. He was intending to pay a lump sum to reduce his mortgage balance ahead of the port, because Barclays had told him he could repay up to 25% of the balance without paying an early repayment charge (ERC) if he did so as part of the porting process.

In the conversation, Mr B says that he went through his existing mortgage balance as well as the details of the sale price of his existing property and the purchase price of his new one and the associated fees he would have to pay. He says that he was advised that after completion he would be left with over £100,000 – relying on that advice, he agreed to reduce the balance he would port by 25% (just under £25,000). He also reduced the term, increasing his monthly payments by around £150 even after the lump sum payment.

However, when his new purchase and mortgage completed, Mr B was in fact left with just under £35,000. Mr B complained to Barclays. He says that had he been given the correct figures, he wouldn't have paid off the lump sum and wouldn't have increased his monthly payments. He says he's been left with insufficient funds to carry out the renovations to his new property he had planned, and has been caused a great deal of stress and anxiety as a result. He says that Barclays should refund the lump sum he repaid and compensate him for the upset he's experienced.

Barclays said it had no knowledge of Mr B's wider circumstances and the figures he had been given in the call were based on the information he gave Barclays. It didn't uphold his complaint.

However, after Mr B referred his complaint to us, Barclays reviewed its position, and it now accepted that its adviser had given incorrect information on the 30 September call. It said the adviser had not taken into account the redemption of Mr B's existing mortgage of around £100,000, which was why the adviser gave Mr B the wrong figures.

Barclays said it didn't believe Mr B had lost out, because he was already intending to reduce his balance when he made the call. And he said on the call that he only needed £10,000 for renovations – which was less than the £35,000 he did have available after completion. It also said that Mr B's solicitor would have advised him of the correct figures before completion, and Mr B would still have had time to go back to Barclays and ask to increase the new mortgage balance again. However, it did agree he had been caused substantial upset and now offered to pay compensation of £500 for that.

Our investigator thought that was a fair offer. Mr B didn't agree and asked for an

ombudsman to review his complaint. I thought there was more Barclays needed to do to put things right, so I issued a provisional decision setting out my thoughts on the complaint.

My provisional decision

I said:

“In 2021, Mr B took an interest rate of 1.49% fixed until May 2028. His mortgage balance at the time was around £125,000 over a term of 15 years, with a monthly payment of £775. By the time of his porting application in 2024, the balance was around £100,000 and around 12 years was left on the term.

In the 30 September 2024 call, Mr B discussed his situation and the possibility of reducing his balance as part of the porting process. He said he would like to reduce the balance if he could, and was considering 15-20%, but wanted to check the figures.

The adviser asked for the following figures – Mr B replied as I've set out below:

- Sale price - £580,000
- Legal fees for sale and purchase - £3,600
- Estate agent's fee for the sale - £5,950
- Stamp duty - £12,500
- Moving costs – estimated £500
- Budget for renovations for new property - £10,000

The advisor said that this would leave £547,450 equity in the property after covering the costs of sale. The purchase price of the new property is £495,000.

The adviser then said that 20% of the current mortgage balance was around £19,900. That would give a reduced mortgage balance of £79,650. That would leave a deposit alongside the mortgage of £415,350 (£495,000 minus £79,650). And that in turn means Mr B would be left with around £132,100 after all moving costs and a 20% reduction in the mortgage.

Mr B said this was more than he was expecting. Based on that, he would do the maximum capital reduction of 25%. He also agreed to reduce the mortgage term. The mortgage application then proceeded. Following the conversation Barclays issued a porting offer – agreeing to lend £75,000 over a term of seven years, with monthly payments of £937.

In fact, as Barclays now concedes, the adviser's figures were wrong. She said that the equity in his current property was £547,450 – the sale price of £580,000 less costs of £32,650. That wasn't correct; she failed to take into account the existing mortgage, which would be repaid on sale and replaced with the new (lower) mortgage on the new property. What this means is that Mr B's actual equity was more like £447,450 – and he would be left with

£32,000 if he reduced the balance by 20%, not £132,000.

I don't agree with Barclays that the responsibility lay with Mr B or his solicitor to check these figures. While Mr B did need to make sure what he was borrowing covered his needs, and his solicitor would explain the full financial position to him before completion, there was a clear obligation on Barclays too. It was giving him mortgage advice, and as such had an obligation to ensure that the mortgage it recommended was suitable based on his needs and circumstances. In making such a basic error, the adviser failed to make sure she properly understood Mr B's needs and circumstances, and misled him about his financial position. It was reasonable for Mr B to rely on the advice he was given in making the decision about how much to reduce his mortgage balance by – and he did so on a false premise. She did not therefore make a suitable recommendation.

Putting things right

Barclays' error caused Mr B substantial upset. He was expecting his financial position to be very different, based on what Barclays told him, to how it turned out to be. While he was given the true position by his solicitor, realistically that was too late for him to ask Barclays to change the mortgage offer. At the last minute, Mr B realised that he was going to be left with much less than he thought he would have on completion. I think this caused substantial distress and inconvenience, and I'm satisfied that Barclays' offer of £500 compensation is fair.

Given that Mr B agreed to reduce his mortgage balance and term relying on the incorrect information that Barclays gave him, and that Barclays made an unsuitable recommendation as a result, I think it should also put Mr B back in the position he would have been in had nothing gone wrong. I take Barclays' point that Mr B was still left with sufficient to carry out his renovations based on the budget of £10,000 he gave to the adviser. But the fact remains that Barclays' mistake deprived him of the chance to make an informed decision about how to organise his finances.

Had nothing gone wrong, Mr B would have had the correct information, and he could then have used that information to decide whether – and to what extent – to reduce his balance and term. I propose to give him the chance to do that now, in resolution of this complaint.

Provided Mr B contacts Barclays to start the process within eight weeks of the date he accepts my final decision (if he does), Barclays should allow Mr B to amend his current mortgage by either or both of:

- Increasing the amount borrowed, provided that any increase to the balance does not exceed the difference between the closing balance of his old mortgage prior to porting and the amount of the new mortgage – any increased borrowing should be at the same interest rate, over the same fixed rate term, as the ported interest rate;
- Extending the term of his mortgage, provided that any term extension does not increase the term beyond what it would now be had Mr B ported based on the term of his old mortgage rather than the reduced term he actually took.

It should also pay Mr B £500 compensation whether or not he decides to make any changes to his mortgage now.

Barclays will need to provide full information about the impact of doing so before Mr B confirms his selection (if any), so that he can make an informed decision.”

Barclays agreed that Mr B had been given unsuitable advice and that if he had been given the correct advice he may have made a different decision about what to overpay. It therefore agreed to pay the compensation I said should be awarded. But it said that if Mr B wanted to increase his current mortgage balance back to what it was before, he would need to go through a full new application and pass a full affordability assessment, having received new advice. It would also need to carry out full underwriting as for any application for new further borrowing. It said that was because – in Mr B’s interests – it would need to make sure any new borrowing was responsibly lent.

Mr B didn’t agree that £500 compensation was fair. He said that Barclays was initially dismissive of his concerns – it was only when he referred his complaint to us that Barclays took it seriously and made an offer to resolve it. He said it was a significant error that had had a huge impact on his plans for the new property. But he said he no longer wanted to reinstate the mortgage balance. He had had to make changes to his renovation plans and things were now proceeding based on the new plan.

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.

It’s now accepted that Barclays made a mistake, which resulted in Mr B receiving unsuitable advice and making a decision about his mortgage he likely wouldn’t have made otherwise. What’s left me to decide is what Barclays needs to do to put matters right.

When something has gone wrong, our approach is to try – as far as possible – to put the complainant back in the position they would have been in had nothing gone wrong. That’s what my provisional decision intended to do. Had nothing gone wrong, Mr B would have had the choice of reducing his existing mortgage by between 0% (leaving it as it was) and 25%. But he would have made that decision based on full knowledge of the implications for him.

I therefore still think it’s fair to give him that choice now. If circumstances have moved on and he no longer wants to borrow up to the same amount as his previous mortgage, then he doesn’t have to. But if he does, he should have the option now of making the choice he would have made then.

I don’t agree with Barclays that this requires a full application, advice and affordability assessment. The rules of mortgage regulation allow an existing mortgage to be replaced by one for the same amount or less – and no other material changes – without the need for advice or an affordability assessment. That is what my redress aims to achieve. It would not be fair for Barclays to require Mr B to go through additional processes now that he wouldn’t have gone through at the time – or to refuse an application it wouldn’t have refused at the time.

Therefore, if Mr B chooses to take up this option – and he is not obliged to – Barclays should increase his borrowing by the amount he requests up to a maximum of the amount he reduced his old mortgage by, with the further borrowing on the same terms and interest rate as the rest of the mortgage. It should also allow him to extend the term of the mortgage

provided the term does not exceed what it would have been had Mr B not reduced it at the time of porting.

I've considered again what would be fair compensation. I've noted what Mr B says. And I've thought about the Financial Ombudsman Service's guidance on fair awards. This was a one off error by Barclays, but it has had a lasting impact on Mr B. As well as the upset, it has meant that he's needed to re-think his plans for his new property. I think £500 is fair to recognise the distress and inconvenience caused.

My final decision

My final decision is that I uphold this complaint, and direct Barclays Bank UK PLC to:

- Pay Mr B £500 compensation; and
- If Mr B asks it to do so within eight weeks of the date he accepts this decision:
 - Increase Mr B's mortgage borrowing, with further borrowing up to a maximum of the amount he reduced the ported mortgage by, and on the same terms and interest rate as the rest of the mortgage; and
 - Increase the mortgage term (including the new borrowing if any), up to a maximum of what the term would now be had Mr B not reduced it on porting.

Should Mr B take up either or both of those options, Barclays should grant his request without requiring a further application, advice or underwriting process. But Barclays will need to give Mr B information about the impact of the option(s) he selects before he finally decides whether to take them up, including an illustration of the revised mortgage, so that he can make an informed decision about whether he proceeds.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 4 September 2025.

Simon Pugh
Ombudsman