

The complaint

Mr and Mrs H complain that Barclays Bank UK PLC wouldn't produce a mortgage offer that would allow them to port their mortgage product and so avoid having to pay an early repayment charge ("ERC"). They had to pay an ERC and would like this refunded.

What happened

Mr and Mrs H had a mortgage with Barclays and a fixed rate mortgage product. They were moving house on 30 April 2024 and wanted to port their mortgage product to avoid paying the ERC. They applied for a new mortgage with Barclays through a broker and say that they had to field an endless stream of requests for information. Because a decision was not forthcoming the broker suggested they make application to another lender - I shall call Lender A - which produced an offer very quickly and in time for 30 April. The loan from Lender A was for £420,999.00 including fees with an interest rate fixed until 30 June 2026 at 4.63%.

But as Mr and Mrs H hadn't taken out a new Barclays mortgage, Mr and Mrs H had to pay an ERC of nearly £14,000.00. Mr and Mrs H say that they started to chase Barclays on 13 April and were told on 17 April that Barclays had missed its service level agreement ("SLA") time scales. Barclays offered compensation for the delays of £800 (initially £200) but still required Mr and Mrs H to pay the ERC because they had moved to another lender.

Our investigator's view

Our investigator's final view was that as part of Mr and Mrs H's application was to vary the length of the term of the mortgage contract, that required a full affordability assessment and Barclays did nothing wrong. Mr and Mrs H disagreed and asked for a review.

My provisional findings

As my reasoning differed in part from our investigator, I issued a Provisional Decision where I said the following:

Mr and Mrs H's complaint is that in processing their application for new mortgage to allow them to port their mortgage product, there was an unacceptable delay that meant that they had to switch to another lender and as a result incur an ERC.

Mr and Mrs H had a mortgage of about £450,000.00 and were looking for a similar borrowing on their new property. I note that Mr and Mrs H refer in their email to Barclays of 16 July 2024 that they were looking less borrowing of £420,000.00 but the application I've seen refers to continuing the existing borrowing. Mr and Mrs H say that they began the application at the beginning of February 2024, but that there was a difficulty with Barclays system accepting the application because one of the applicants had an existing profile. That meant the application didn't get off the ground until the beginning of March. The deadline for completion was 30 April and because of Barclays delays Mr and Mrs H told the bank on 4

April that they might have to look to another lender. Their broker suggested they approach a back-up lender but they also wanted to continue with Barclays. I note that the mortgage offer from the alternative lender was dated 12 April 2024. Mr and Mrs H were able to get a mortgage offer from their alternative lender fairly swiftly. On 17 April Mr and Mrs H complained to Barclays about the delay and still without a mortgage offer from Barclays agreed to exchange contracts on the purchase on the basis of the offer from the alternative lender.

The Barclays contact notes confirm that Mr and Mrs H contacted Barclays on 17 April and said that required the mortgage offer be processed immediately otherwise they would have to go to another lender from whom they already had an offer.

Mr and Mrs H applied to two lenders when they were moving house, Barclays and Lender A. They also applied to Lender A for a smaller amount of money - £420,000.00 - than they did with Barclays. I also note that in the Barclays application they applied to reduce the term by a short period. This would have some significance as if they were applying for a shorter term, it meant that Mr and Mrs H weren't applying for a like for like port and a shorter term meant higher repayments. That meant Barclays required an affordability assessment.

Mr and Mrs H make a number of complaints about Barclays. One is that the bank asked for a substantial amount of documentation and I see their broker says that it was much more than was requested in other loan applications. But a lender is entitled to ask for documentation relevant to a mortgage decision and not all lenders will require the same documentation. The question is whether the documentation is relevant to Barclays mortgage decision and I've not seen any complaint by the broker that Barclays requests were frivolous or irrelevant so I can't fairly criticise Barclays for requesting relevant documentation in order to reach its decision.

The other main complaint is one of delay. I see that there was some issue at the start about a duplicate profile for one of the borrowers. The initial application I've seen is dated 8 March. Barclays has provided me with notes on the application which shows an active application from 13 March when the underwriters ask for further information, with the case failing on affordability on 15 March. The fact that Barclays issued a decision in that time period indicates that the application was dealt with quickly and any delay caused by the initial profile duplication didn't affect that. The problem was that on the information before them, Barclays found the application unaffordable.

Barclays then requested further information with the case failing on affordability again on 6 April and again on 11 April by which time, Mr and Mrs H through their broker approached Lender A and got a mortgage offer. Mr and Mrs H say that Lender A came to a decision quicker than Barclays but Lender A was being asked for a smaller sum than Barclays and with the larger sum, Barclays had affordability issues. I also imagine having already made the application to Barclays, Mr and Mrs H and their broker would have enough information at hand to make the application to Lender A without having to gather it. So, I can understand why the time-scales would be different.

The question here is whether Barclays had done anything wrong? Mr and Mrs H were asking Barclays for money on a reduced term that it was unwilling to provide on affordability grounds. Barclays looked at the application carefully and asked for a lot of documentation but there is nothing wrong with that. Although Barclays may have missed some of its time periods for service level agreements, I can see that this application was actively worked by Barclays and I find no unreasonable delay. The real problem is that until the term was changed, Mr and Mrs H were asking for more than Barclays was willing to lend. So, I can't say that Barclays did anything wrong.

Unfortunately, Mr and Mrs H had to pay an ERC because they chose to go with Lender A, having exchanged contracts on 16 April 2024. I note, from what Mrs H tells us that on 21 April Barclays told Mr and Mrs H that they would lend them £423,000.00. I can see that also referred to in the application notes. I also listened to a complaint call that Mrs H had with Barclays on 22 April 2024. When I look at the file notes on the application they tell me that the maximum borrowing had increased to £423,705.00 and that, once Barclays had the breakdown of the equity amount, the case would be referred to a senior underwriter for positive referral. I note that in the complaint handler's discussion with Mrs H he emphasised that it was a positive referral. But in that call it was clear that Mrs H had decided to go with Lender A despite the complaints handler telling her that Barclays would not waive the ERC.

Having listened to that call, I understand Mrs H's position was that she had a secure loan with Lender A and not yet a secure loan with Barclays and was anxious that the purchase and sale go through. But if Mr and Mrs H went with Lender A, they could not port their mortgage and would have to pay the ERC. Mr and Mrs H say that the delay in Barclays processing the application was unacceptable and forced them to go to Lender A. The cause of the delay in processing it appears to be that the documentation that Barclays was receiving was showing that the application was unaffordable and extra documentation was being asked for to assist Mr and Mrs H with their application. On looking at the application process as a whole I can't agree that there were unreasonable delays. Additionally, by 20/21 April it would have been reasonable for Mr and Mrs H, when Barclays told them it would lend £423,000.00, to have confidence that the application was being looked at by a senior underwriter and that it was likely that a mortgage offer would issue shortly.

But as is clear from the phone call of 22 April, Mr and Mrs H had closed off the Barclays option and if they closed that off, they would be unable to port the mortgage. It does seem to me that by 22 April that Mr and Mrs H were no longer pursuing a Barclays mortgage and that's confirmed in their email to their broker of 25 April. My reading of that and the phone conversations I listened to is that as Mr and Mrs H had exchanged contracts with a mortgage offer from Lender A, they then decided they had to use Lender A's mortgage offer. But I know of no reason why they still could not have gone with Barclays but seem to have decided after the 17 April that they would not go down that road.

So, I can't fairly say that Barclays did anything wrong. I don't accept that the amount of documentation it requested was unreasonable or that there were unreasonable delay by Barclays in reaching a decision on the mortgage. In addition. It seems a mortgage offer would likely have been issued in time for completion on 30 April but Mr and Mrs H decided to accept an alternative mortgage offer closing off the possibility of porting their mortgage. I note that Barclays offered Mr and Mrs H compensation of £800 which appears to be related to its poor handling of the complaint and missing SLAs which I will leave Mr and Mrs H to accept should they wish to do so."

I issued my Provisional Decision and invited further submissions from Mr and Mrs H and Barclays. Mr and Mrs H said whilst they agreed with my decision in principle made further submissions which I will summarise as follows:

1. My wording is confusing and suggests that Mr and Mrs H wanted to borrow more than Barclays was willing to lend and that they then changed the term and would like this sentence changed.
2. Exchange of contracts didn't take place on 16 April as I said but on 23 April and I'm incorrect in asserting that after 17 April they had closed off the Barclays mortgage option.

3. Mr and Mrs H say that they first became aware following a conversation with their broker on 23 April that Barclays were prepared to lend £423,750.00 but say that when they found there was only a very slim prospect of the offer being made on time to complete on 30 April as Barclays service level agreements wouldn't allow it to happen and it wasn't reasonable for them to accept that risk.
4. I did not address their final submission that the compensation offered doesn't represent fair compensation for the loss caused by the delay in Barclays responding to their complaint.

Barclays said that it agreed with my Provisional Decision.

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 H for their further submissions which I will consider in turn;

1. My wording is confusing and suggests that Mr and Mrs H wanted to borrow more than Barclays was willing to lend and that they then changed the term and would like this sentence changed.

In my Provisional Decision I say that "The real problem is that until the term was changed, Mr and Mrs H were asking for more than Barclays was willing to lend." To be clear the original application requested a reduction in the term which was a material change to the mortgage and meant that Barclays conducted an affordability assessment which may not have been necessary if the application had been based on the same term. The Barclays notes indicate that if the term remained the same as the original mortgage Barclays would have agreed to port the existing balance.

2. Exchange of contracts didn't take place on 16 April as I said but on 23 April and I'm incorrect in asserting that after 17 April Mr and Mrs H had closed off the Barclays mortgage option.

I accept that exchange of contracts didn't take place until later than I had understood. I listened again to the call on 22 April that Mrs H had with the Barclays complaints department and I'm clear that by then she had decided not to go with Barclays. During that conversation Mrs H was no longer interested in when a mortgage offer might issue but in whether she can avoid the ERC when she goes with Lender A. I note that in her email of 25 April Mrs H writes to her broker that if she knew on 17 April what "*we found out on 21st April (that they'd lend us £423K) then we might have been in a position to make a different decision and possibly wait it out for Barclays offer before we exchanged*". That led me to believe that 17 April was the significant cut-off date but certainly by 22 April - a week before completion – I'm clear that Mr and Mrs H had decided to go with Lender A and were no longer pursuing an offer from Barclays.

3. Mr and Mrs H say that they first became aware following a conversation with their broker on 23 April that Barclays was prepared to lend £423,750.00 but say that when they found that out there was only a very slim prospect of the offer being made on time to complete on 30 April as Barclays service level agreements wouldn't allow it to

happen and it wasn't reasonable for them to accept that risk.

From listening to the call, they seem to have had this conversation on 22 April. Mrs H doesn't enquire of the Barclays adviser on 22 April if a mortgage offer could issue in time for completion because by then Mr and Mrs H had decided to go elsewhere. It's my experience that with completion pending, mortgage offers can issue in very quick order especially given that Mr and Mrs H were told that the status of the application was with a senior underwriter for a positive referral. Mr and Mrs H at that stage had decided to go elsewhere and that meant they would pay an ERC.

4. I did not address their final submission that the compensation offered doesn't represent fair compensation for the loss caused by the delay in Barclays responding to their complaint.

I accept that I didn't deal with this issue in detail as complaints about complaint handling as opposed to complaints about financial services is not a regulated activity and doesn't fall within our jurisdiction. It seems to me that if Mr and Mrs H raised the complaint about Barclays delay in processing their application on 17 April that Barclays response on 22 April was a timely response. The complaint handler could only have dealt with a complaint about Barclays processes in respect of the application the bank was processing which was nearing its end with a referral to the senior underwriter. I would not have expected the complaint handler to assume the role of adviser and suggest a different application.

In order to uphold Mr and Mrs H's complaint I would have to find that Barclays did something wrong. I appreciate that the application took longer than Mr and Mrs H expected and that a substantial amount of documentation was sought but, for the reasons set out in my Provisional Decision, I can't fairly say that there was an unreasonable delay by Barclays in processing the application that would lead me to uphold this complaint. But in addition, I'm of the view that by 22 April, a week before completion, Mr and Mrs H were no longer looking to Barclays for a mortgage but were looking to complete using the mortgage offer from Lender A. So, I can't fairly uphold this complaint that it was Barclays delays that caused Mr and Mrs H to be liable to pay the ERC. But I accept, as Barclays did, that there was some slippage in meeting its service level targets and Barclays accepts that there were some issues in its complaints handling for which Barclays has offered compensation of £800 which I will leave to Mr H and Mrs H to accept if they wish to do so.

My final decision

My decision is that Barclays Bank UK PLC has made an offer of £800 to settle this complaint which I consider a fair outcome in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 17 October 2025.

Gerard McManus
Ombudsman