

The complaint

Mr C and Miss E complain that Barclays Bank UK PLC wouldn't offer them alternative options, when it declined their mortgage application to port their existing product due to the condition of the property they were looking to purchase.

What happened

Mr C and Miss E had an existing mortgage with Barclays on which a fixed rate applied until 31 May 2026. An early repayment charge ('ERC') of 3% of the amount repaid would be charged during that period, if Mr C and Miss E repaid their mortgage.

Mr C and Miss E made an application to port their mortgage product and borrow additional funds so they could purchase a new property. Barclays instructed a mortgage valuation, following which it noted the property needed a complete rewire and therefore didn't comply with Barclays' lending requirements.

Mr C and Miss E asked Barclays to consider other options, so they could keep their mortgage lending with Barclays and avoid paying an ERC. They also raised a complaint. Barclays said the property doesn't meet its lending criteria and therefore it was unable to proceed with the mortgage application and it wouldn't be refunding the ERC, as that would be charged in line with the mortgage agreement.

Because they remained unhappy, Mr C and Miss E referred their complaint to the Financial Ombudsman Service. Following this, Barclays told us it would re-consider their application (including referring it back to the valuer) if Mr C and Miss E completed the rewire on the property by a suitably qualified electrician and could obtain a certificate for the work. But it would only be able to provide a lending decision after the work had been completed and a certificate produced.

Mr C and Miss E had already completed on their new property purchase by this point, in December 2025, using a mortgage from a different lender. They paid an ERC of around £3,657 to Barclays.

Our Investigator thought the complaint should be upheld in part. She concluded that Barclays was entitled to decline Mr C and Miss E's application and that the ERC was correctly charged. However, she found that Barclays should have done more when considering the proposals Mr C and Miss E had made. She recommended Barclays should pay Mr C and Miss E £300 to compensate them for the distress and inconvenience caused.

Barclays accepted that recommendation. Mr C and Miss E didn't agree so their case has come to me to decide.

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 done so, while I appreciate Mr C and Miss E feel strongly about the complaint, I have to tell them that I've reached the same overall outcome as the Investigator. I'll explain why.

It wasn't unreasonable for Barclays to decline Mr C and Miss E's mortgage application based on the condition of the property they wanted to purchase. I appreciate Mr C and Miss E's argument that an electrical rewire for an older property isn't unusual and that may be the case. But the fact remains that it is for Barclays to decide the level of risk it is willing to accept. And, unfortunately, it didn't consider this property was suitable for it to lend on. While I understand it wouldn't have been the answer Mr C and Miss E wanted, I'm satisfied this isn't unfair. I appreciate they were able to get a mortgage with another lender, but each lender has, and is entitled to have, its own risk appetite. There's nothing unusual or unreasonable about that and I'm satisfied Barclays' decision wasn't unfair or unreasonable.

I note that Mr C and Miss E put some alternative options to Barclays so that they could keep their mortgage with Barclays or avoid paying all, or some, of the ERC. Those proposed options were, in summary:

- That Barclays agrees to waive or reduce the ERC if it couldn't lend to them.
- For Barclays to provide the lending on the condition the electrical work was completed within three months of completion.
- Mr C and Miss E could complete the electrical work prior to completion if Barclays would then reassess its lending decision.

Barclays reviewed Mr C and Miss E's request and asked the appointed surveyor for their comments. But ultimately it decided the application would still be declined. Unfortunately, however, it didn't tell Mr C and Miss E this until over a month later – after they had complained and after they had referred the complaint to this Service. I think that would have been most unhelpful to Mr C and Miss E, considering they were keen to move forward with their property purchase.

Barclays later said that it would reconsider its lending decision if the rewire of the property was completed by a qualified electrician prior to it issuing a mortgage offer to Mr C and Miss E. It didn't, however, agree to waive all or part of the ERC, or to conditional lending – and I'm satisfied it wasn't required to.

Like the Investigator, I agree that Barclays could have done more to consider Mr C and Miss E's request sooner. And it's likely that if it had done that it would have come to the same conclusion, confirming that it would consider this option – for the electrical work to be completed prior to it making a lending decision – at an earlier stage. I think that led to Mr C and Miss E experiencing some avoidable distress and inconvenience, because their query was left unanswered for several weeks at a stressful time when they were keen to progress matters. Because of that, I agree that £300 compensation fairly recognises the distress and inconvenience caused. I'm not persuaded, however, that Barclays giving an answer sooner would have changed what's happened overall.

There was no guarantee Barclays would have gone on to accept the mortgage application, even if the electrical work had been completed. The property would still need to be valued again to ensure its value, for mortgage purposes, was sufficient and in line with Barclays' lending criteria, among other things. Mr C and Miss E may feel that there was nothing else other than the electrical work that stopped their application from proceeding, but I'm afraid I can't safely conclude that completion of those works alone would have led to Barclays offering them the mortgage they needed.

There are several other factors that could have prevented the process from completing too. This is true not only with the mortgage application itself, but with legal matters involved in purchasing a property and the property chain, alongside the legal risks of doing work on a property before Mr C and Miss E owned it. In summary, then, I can't safely conclude with any degree of certainty that things would have happened differently, or that Mr C and Miss E would have ended up in a different position, even if Barclays had given them the option of completing the electrical work pre-offer at an earlier date.

Ultimately, Mr C and Miss E ended their mortgage agreement early to enable them to purchase a new property, being aware they'd need to pay an ERC. I appreciate they feel the ERC should either be reduced or refunded entirely, because of the term remaining on the mortgage product at the time. But this is not how ERCs in mortgage contracts work. It was set out clearly in the mortgage agreement how long the ERC would apply for and that it would be based on a percentage of the amount repaid. I'm satisfied it was charged fairly and reasonably, and in line with the mortgage contract.

It may also help to explain that the ERC isn't a penalty. It is a clause within the mortgage contract that allows the borrower to exit the legally binding agreement early, representing the pre-estimated loss to the lender of that happening. That is in line with mortgage regulation and isn't unfair or unreasonable. Mr C and Miss E decided to continue with their property purchase, and paying the ERC to exit their mortgage with Barclays allowed them to do that. For the reasons I've explained, I can't fairly require Barclays to refund all or part of the ERC.

My final decision

I uphold this complaint in part and require Barclays Bank UK PLC to pay Mr C and Miss E a total of £300 compensation if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Miss E to accept or reject my decision before 6 May 2026.

Keith Barnes
Ombudsman