

complaint

Ms B complains that Barclays Bank Plc acted incorrectly in its sale and handling of her mortgage. Amongst other things, she says Barclays offered her a mortgage which was unsuitable for her needs and relied on incorrect information from her broker.

background

In 2005/6 Ms B consulted her broker, S, about obtaining a mortgage for a property she wanted to buy. She already had a buy-to-let (BTL) mortgage, also arranged through S. In February 2006 S completed a mortgage application form on her behalf, which she signed, and it was submitted to Barclays. It appears that S may also have been providing general investment advice in view of Ms B's other investments, including an inheritance.

Barclays issued its mortgage offer for £235,000, which started in April 2006. It was interest-only and for seven years, so it matured in April 2013. The loan-to-value (LTV) was 74%. It is understood that Ms B has continued to maintain the mortgage interest payments.

Ms B complains that Barclays should have carried out its own checks on her eligibility before granting the mortgage. She says that S's information about her self-employed income was exaggerated in the application form. Barclays says it was entitled to rely on the information provided by S in the application form. It wasn't obliged to carry any checks other than its normal underwriting process.

The adjudicator didn't think that the complaint should be upheld.

Ms B has made a separate complaint to this service against S. S said it was unable to show its advice was suitable and has made a compensation offer to Ms B which the ombudsman in that case felt was fair. Ms B has not accepted the suggested compensation pending the outcome of her complaint against Barclays.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've taken careful note of Ms B's further comments since the adjudicator's letter.

I note that S was giving general investment advice to Ms B, taking into account her investments which then exceeded £300,000. It appears that she could have purchased the property without a mortgage. However, she used part of the mortgage proceeds as a deposit for a second BTL property later in 2006. S was the broker who administered both her BTL mortgage applications.

While I'm sympathetic to Ms B's financial difficulties, I regret that I cannot uphold this complaint. I say this because in my view Barclays was entitled to rely on the application form and the information provided by S on behalf of Ms B. She says she signed the blank application form leaving it to S to complete the details, including those relating to her income. However, it was her overall responsibility to check the information she certified in the form.

Ms B may still have investments with which to redeem her mortgage. However, Barclays has agreed to work with Ms B if she has difficulties in redeeming the mortgage.

I realise that this decision will be disappointing to Ms B. However, it will enable to reconsider any possible settlement with S and, if necessary, reach an arrangement with Barclays as to redemption of her mortgage.

my final decision

My final decision is not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 11 April 2016.

Charles Sweet
ombudsman