

complaint

Mr and Mrs K complain that Barclays Bank Plc (Barclays) mis-sold them a mortgage in 2006. Mr and Mrs K say they were misled, betrayed and tricked by Barclays and they would like to be compensated for the losses they have incurred as a result of the poor advice Barclays gave.

background

In late 2005 Mr and Mrs K received advice from Barclays regarding potentially re-mortgaging. They say representatives from Barclays came to their home and advised them to consolidate existing credit card balances and a personal loan with their mortgage borrowing by re-mortgaging with Barclays, and that this would save them money. In early 2006, the new mortgage with Barclays completed, lending them around £350,000 over 17 years on a repayment basis.

In May 2007 Mr and Mrs K took out an additional £26,000 further advance with Barclays for home improvements. In March 2008 Mr and Mrs K arranged an additional further advance with Barclays of around £27,000, also for home improvements.

In February 2010 Mr and Mrs K redeemed all their mortgages with Barclays and say they re-mortgaged with a third party lender on an interest only basis.

Mr and Mrs K complained to Barclays in February 2014 regarding the advice they received when they arranged their mortgage taken out in 2006. Barclays did not uphold their complaint and so they brought the matter to this service where one of our adjudicators reviewed their complaint.

The adjudicator recommended that the complaint should not be upheld. She was satisfied that:

- the mortgage Barclays had provided achieved Mr and Mrs K's objective of reducing their monthly repayments by consolidating their unsecured debts into the mortgage;
- Mr and Mrs K were provided with sufficient information to understand that their mortgage term was 17 years;
- Barclays had completed sufficient checks regarding the affordability of the mortgage over its term;
- there was no evidence that an early redemption charge (ERC) had been levied by Mr and Mrs K's previous lender; and
- she considered the mortgage provided had been suitable and affordable.

Mr and Mrs K did not agree with the adjudicator's findings and so this complaint has been referred to an ombudsman.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where there is a dispute about what happened, I have based my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in the light of the evidence and wider circumstances. Having reviewed all the evidence, I find that I am in agreement with the adjudicator's view and for broadly the same reasons.

consolidation of other debts into re-mortgage

In 2005, when Mr and Mrs K arranged their re-mortgage with Barclays, they received advice about what type of mortgage was most suitable for their needs. Mr and Mrs K already had a mortgage and I note that they had rental properties at that time which paid Mr K rental income - stated on the mortgage application form – in excess of £50,000 per annum. And so, I am satisfied that Mr and Mrs K would have had a fair understanding of mortgages and what they hoped to achieve from a re-mortgage whilst considering the advice given by Barclays.

Mr and Mrs K told Barclays in the mortgage application process that they wanted to consolidate other borrowing into their mortgage in order to “reduce monthly outgoings”. They say they were advised to consolidate their credit card debt and a personal loan totalling around £45,000 as this would be cheaper for them but they complain they were not made aware that they would lengthen the term of the borrowing. In the circumstances, I do not consider that the advice to consolidate their borrowings was poor advice as it did achieve Mr and Mrs K’s stated objective to reduce their monthly outgoings and it would have reduced the interest rate payable for the borrowing. I am also satisfied that the mortgage documentation made it sufficiently clear that the mortgage was to be arranged over a 17 year term.

Affordability

All parties would have been aware that Mr K was 60 at his next birthday when the mortgage application was completed. The mortgage was provided on a repayment basis over a 17 year term, matching the term of Mr and Mrs K’s existing mortgage, taking Mr K to 77 and Mrs K to 70 when the mortgage expired. Mr and Mrs K state in the mortgage fact find that their intended retirement ages were 80 and 75 respectively. Discussion regarding affordability into retirement appears to have been held and the application form makes reference to Mr K’s pension and rental income. I am satisfied that affordability was explored and that both Barclays and Mr and Mrs K considered the mortgage to be affordable over its term.

early repayment charge

Mr and Mrs K say they were charged nearly £12,000 by their previous lender for redeeming their mortgage upon taking out the mortgage with Barclays. The mortgage fact find makes no reference to an early repayment charge to be levied by Mr and Mrs K’s pre-existing lender and it states that their mortgage was on a variable rate. No evidence has been provided to show the ERC was charged and so I am unable to uphold this aspect of Mr and Mrs K’s complaint.

Barclays’ sales techniques

Mr and Mrs K say that Barclays made them feel pressured to re-mortgage with them. They say that two members of Barclays’ staff came to their home and “tricked” them into taking out the borrowing. It is clearly regrettable that Mr and Mrs K felt that they were put under pressure at that time. I am satisfied that once the Barclays advisors left their property, Mr and Mrs K had sufficient breathing space over the months between the fact find and the completion of the mortgage loan to decide not to proceed with the borrowing if it was not what they wanted or felt they could afford. I am also satisfied that they knew they could complain to Barclays if they felt they were being treated unfairly.

And so, whilst I am aware that this will be disappointing news for Mr and Mrs K, I am unable to uphold their complaint. I am not persuaded that the advice given and the mortgage arranged by Barclays was unsuitable for their needs at the time the mortgage was sold. I am also satisfied that both Barclays and Mr and Mrs K considered the borrowing affordable over its term when it was arranged.

my final decision

My final decision is that I do not uphold this complaint against Barclays Bank Plc.

Emma Peters
ombudsman