

The complaint

Mr U and Mrs L complain that Barclays Bank UK PLC would not honour or extend an offer for a further advance on their mortgage.

What happened

Mr U and Mrs L have a mortgage with Barclays. On 4 July 2022, Barclays issued an offer for a further advance of £80,000 on a fixed rate of 2.76% until 31 August 2027. The offer was valid until 30 December 2022.

The purpose of the additional borrowing was to fund investments in two properties. Mr U said he wanted to wait until the properties were at the contracts exchanged stage before signing to accept the offer, so that no payments were required.

Mr U said that he was told that Barclays required the original signed acceptance – and scanned copy was not acceptable. The acceptance was sent to Barclays with a request for funds to be released on 3 January 2023. Barclays received it on 30 December 2022. On 3 January 2023, it told Mr U and Mrs L that the offer had expired.

Mr U said he was assured by Barclays that it would honour the offer. But despite appeals it did not do so. Mr U said he lost out on the properties he was buying and has lost reservation and legal fees of over £10,000.

The investigator did not think the complaint should be upheld.

Mr U and Mrs L did not accept what the investigator said. Mr U made a number of points, including:

- This case was being looked at as if this was a new mortgage offer – it was not. It was a further advance on an existing mortgage.
- The acceptance was received prior to the expiry date of the offer – so it should be honoured.
- The offer letter did not say that there was a specific cut off time and date after which the offer would not be honoured.
- Barclays could have extended the offer but did not do so. That deprived them of the ability to retain the further advance.
- Barclays told him on the phone that the offer could be extended and the rate retained. Barclays should take responsibility for that.
- He had already paid reservation deposits for two properties based on the further advance offer – they were now lost.
- Barclays should have understood the importance of the offer to him. If it had given him

enough information to make an informed choice he would have taken steps to make sure the letter arrived on time.

- He spoke to Barclays on or around 20 December 2022. He said he was told to send the acceptance using the prepaid envelope. Barclays did not give him enough information about the risks of that to make an informed choice about how to send the acceptance.

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.

The offer set out clearly and prominently that it was only valid until 30 December 2022. The accompanying letter said that the acceptance needed to be received by the expiry date and once it had received the acceptance it would release the funds. I consider that Barclays gave Mr U and Mrs L clear, fair and not misleading information about what they needed to do to accept the offer.

It was reasonable for Barclays to require the original signed documents. I don't consider it ever misled Mr U and Mrs L about that. I can understand the reasons why Mr U and Mrs L decided to wait – but that was their decision. I don't consider it was unreasonable for Barclays to tell Mr U to use the prepaid envelope. That was the method it used. It was not for it to advise Mr U and Mrs L about different delivery methods. Nor was there any requirement for it to tell them that it might, at its discretion, extend the offer.

The acceptance was signed on 21 December 2022 and received by Barclays on 30 December 2022. I agree that if it was just the signed acceptance of the offer that expired on 30 December 2022 that was received, then Barclays would be bound to accept it. But Mr U and Mrs L had written on the form that they wanted funds released on 3 January 2023.

I don't consider Barclays had ever offered to release funds after the expiry date of the offer. The offer is clear that it is valid to 30 December 2022. There was no requirement for Barclays to release funds after that. Mr U and Mrs L had not accepted the offer – they'd asked Barclays to extend it until 3 January 2023.

In the circumstances, I don't consider that Barclays was required to honour the further advance offer. Mr U and Mrs L had not accepted the terms it had offered. They effectively proposed new terms – they wanted the offer extended until 3 January 2023. It was for Barclays to decide whether to agree to that or not. That was a decision for Barclays to make. But I don't consider it was unfair for it to say "no" to that.

I agree that was reasonable for Barclays to tell Mr U and Mrs L that it would not agree to their acceptance. But in view of the timescales and circumstances here, I don't think it was unreasonable for Barclays not to do so before the offer expired. The acceptance was not received until the date the offer expired.

Barclays accepts that it initially told Mr U and Mrs L that it would extend the offer. I don't consider this would constitute a formal offer to do so. There was no paperwork issued to reflect that. I don't consider it would be fair for me to say that Barclays would be required to honour that. I consider its offer of £100 for any upset caused by that is fair.

My final decision

Barclays has offered Mr U and Mrs L £100 for any distress and inconvenience. In all the circumstances, I consider this is a fair and reasonable way to settle this complaint.

My decision is that Barclays Bank UK PLC should pay Mr U and Mrs L £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L and Mr U to accept or reject my decision before 5 February 2024.

Ken Rose
Ombudsman