

## **The complaint**

Mr M complains Barclays Bank UK PLC mishandled his re-mortgage application. He says that, as a result, he had to re-mortgage with his existing lender on a higher interest rate. And he couldn't borrow the additional amount he wanted for works he planned to carry out.

## **What happened**

Mr M applied to Barclays Bank UK PLC to re-mortgage his buy to let property through a broker. A mortgage illustration was issued in early August 2022 for borrowing of £264,295 over 25 years at a rate of interest fixed at 3.30% for five years.

Barclays' surveyors valued the property at £325,000 subject to a satisfactory external wall system survey and associated report, which I'll call jointly the EWS1, being provided. Based on the valuation, Barclays would only lend £243,750 given the loan to value (LTV) ratio. Although Mr M felt the property had been down valued, he went ahead with the application for that amount. It gave him around £16,000 to carry out works.

Mr M provided the EWS1 on around 13 September 2022. Barclays sent it to their valuers for consideration on around 21 September. On 23 September Barclays told Mr M the application couldn't proceed since the construction of the property was unsuitable. A few days later Mr M's broker pointed out Barclays had made a mistake about the property construction. But by then Mr M had decided to re-mortgage with his existing lender and his broker cancelled the application.

Mr M complained to Barclays that their delays in handling his application and mistake about the construction of the property had caused him to re-mortgage with his existing lender. He said he'd needed to secure a rate elsewhere since interest rates were going up quickly and before his existing rate ran out. The rate he got was higher than the Barclays rate he'd applied for. And due to changes in lending criteria, he was unable to borrow the additional amount he'd wanted.

To put things right Mr M wanted Barclays to pay him the difference between the rate he secured with his existing lender and the rate he'd applied for with Barclays, the additional borrowing he missed out on and compensation.

Since Barclays failed to respond substantively to his complaint within the relevant time limits, he brought his complaint to the Financial Ombudsman Service. Our investigator thought Barclays would have agreed Mr M's application if they hadn't made a mistake about the property construction and reviewed the surveyors' report correctly; it wasn't unreasonable for Mr M to apply elsewhere given the housing market at the time and the fact that Barclays had told him the property wasn't suitable security; Barclays should pay Mr M the difference between the interest he'd pay at 4.99% over the two year period he'd fixed his rate for with his existing lender and the 3.30% rate he would have paid Barclays over the same period; and Barclays should pay Mr M £200 compensation for distress and inconvenience.

Neither party accepted our investigator's view. Mr M said Barclays should also pay him the additional amount they'd originally agreed to lend him. And he thought the compensation of £200 was too low. Barclays asked for evidence of Mr M's new mortgage. But they didn't say whether they accepted our investigator's view. Since the complaint wasn't resolved, it was passed to me to review afresh.

***"What I've provisionally 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 parties have provided additional information since our investigator issued her view. And I've come to a different outcome based on what I've seen so far. I'm therefore issuing a provisional decision to give the parties the chance to make further comments before I come to a final decision.*

*The timeline of events is important here. There are some slight variations in the information I've seen about what happened when at the end of September 2022. But I don't think that affects things substantively. The key dates are broadly as follows:*

- *Mr M made his application in early August 2022 and Barclays' underwriters began to consider it shortly afterwards.*
- *Between around 5 and 22 August 2022, the underwriters were requesting financial information from Mr M's broker to support the application.*
- *Barclays received the valuation on around 19 August 2022. They let Mr M's broker know on around 24 August 2022 that the LTV was too high and to go ahead with the application Mr M would have to borrow less. They were chasing a response about that as of 6 September 2022.*
- *On 13 September 2022 Barclays told Mr M's broker they'd require a satisfactory EWS1 given the contents of the valuation report. Mr M provided this the following day. It was passed to the valuers for consideration on 21 September 2022.*
- *On 23 September 2022 Barclays told Mr M's broker the property wasn't of suitable construction and fell outside their lending policy; if Mr M could find a new property, the details could be updated on-line. Otherwise, the application would close after 30 days.*
- *On around 26 September 2022 the broker pointed out Barclays had made a mistake about the construction of the property and said it had been mortgaged with other lenders previously.*
- *On 28 September 2022 Mr M got a product switch offer from his existing lender. His broker cancelled the application with Barclays.*

*I don't think there were any avoidable delays up to 22 August when Barclays were waiting for financial information from Mr M.*

*It took Barclays around five days between receiving the valuation and letting Mr M's brokers know they wouldn't lend the full amount he'd asked for given the LTV. That's not unreasonable. And, from what I understand, Mr M hadn't confirmed he wanted to go ahead at the lower figure until some time between 6 and 13 September. So, I don't think Barclays were responsible for any delay there.*

*It took a week for Barclays to pass the EWS1 to their valuers to consider. They could probably have dealt with that aspect more quickly. I can understand Mr M and his broker would have been surprised to be told shortly afterwards that the property was of unsuitable construction when the valuation had said it was of standard construction. And it suggested Barclays had misunderstood the application Mr M was making to re-mortgage an existing property when they advised he find an alternative property to buy.*

*Barclays have confirmed they would have made an offer if the application hadn't been cancelled. I acknowledge Mr M wouldn't have known that at the time. And I can appreciate he was concerned about interest rates increasing and that he wanted to secure a rate before they went up further. But his existing deal didn't run out until November 2022. And I don't think it was reasonable for him to have cancelled the application before Barclays had the chance to respond when the broker pointed out their mistake about the construction of the property.*

*I've noted Barclays could probably have given the EWS1 and associated report to the valuers more quickly. But they didn't cause significant delays. And the overall time taken between the application starting in early August and Mr M cancelling it at the point where the valuers had been asked to check the EWS1 was around two months. That's not unreasonable bearing in mind the steps required before an offer could be issued were almost complete.*

*The broker was quick to point out Barclays' mistake about the construction of the property. And from what Mr M's told us, the mistake was also evident to him. He's suggested Barclays had him confused with another customer. And he's told us he was aware that the report said something different to Barclays about the property construction. Mr M had the option of clarifying things with Barclays. But he felt he couldn't spend any more time on the application with them. And he chose instead to re-mortgage with his existing lender at a higher rate.*

*I'm aware Mr M feels Barclays' communication was poor. But, from what I've seen, they were in regular email communication with Mr M's broker as the application progressed. I think it's more likely than not that if Barclays had had the chance to review things once the valuer had pointed out their mistake, the application would have gone through once the valuers had considered the EWS1. The EWS1 confirmed no remedial works were needed to the property. And Barclays have confirmed the application would have succeeded.*

*In the circumstances, I don't think it's fair to ask Barclays to compensate Mr M for the additional interest he'll pay or for missing out on borrowing the additional sum he wanted.*

*I acknowledge Mr M's strength of feeling about his complaint. I can understand he was concerned about interest rates going up quickly. And I appreciate it was frustrating for Mr M to end up on a higher rate and to lose out on the additional borrowing. But I don't think it's fair to hold Barclays responsible for that. Whilst they made a mistake about the construction of the property, it could have been clarified. It was reasonable to give Barclays some time to do that. Mr M chose to go ahead with his existing lenders before Barclays had the chance. If they had reviewed things, it's likely Mr M's application would have gone through. Bearing everything in mind, I don't think Barclays treated Mr M unfairly or acted unreasonably. And, based on what I've seen so far, I don't intend to uphold his complaint.*

*We don't generally consider complaints about complaint handling. I can see Barclays failed to provide a substantive response to Mr M's complaint within the timescales set down by the Financial Conduct Authority. But they told him he could bring his complaint to us, which he did. So, he hasn't missed out on his complaint being considered.*

### **My provisional decision**

*My provisional decision is that I don't uphold this complaint."*

### **Developments**

Barclays had no comments to make on my provisional decision.

Mr M was unhappy with my proposed outcome. He explained his broker had chased Barclays several times and didn't get suitable responses. He noted Barclays had got confused about whether Mr M was buying a new property or re-mortgaging. And he was unhappy with delays by Barclays, including during the complaints process.

Mr M questioned why, if Barclays were prepared to make an offer, they hadn't contacted his broker to discuss that. He explained that, for regulatory reasons, his broker couldn't keep the application with Barclays open when he applied to another lender. And he said he was under time pressure to avoid going onto his existing lender's standard variable rate.

I've considered Mr M's comments in coming to my final decision below.

### **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 appreciate Mr M feels strongly Barclays treated him unfairly. I understand Mr M wanted to avoid moving to his existing lender's standard variable rate. And I can understand he wanted to secure a favourable interest rate when rates were going up. However, the points he's made in response to my provisional decision aren't substantively new.

I note what Mr M's said about his broker's experience of dealing with Barclays. But, considering the timeline, I don't think it was unreasonable overall - as I explained in my provisional decision.

I've taken into account Barclays mistakenly writing to him as if he was buying a new property rather than re-mortgaging when they said the property was of unsuitable construction. That misunderstanding was corrected by Mr M's broker within a few days. But Barclays didn't have the opportunity to reconsider the application since Mr M applied instead for a product switch with his existing lender. I wouldn't expect them to have contacted Mr M's broker once that had happened. And I've no reason to doubt Barclays when they say they would have issued Mr M with an offer had his application with them gone ahead.

Considering everything, I see no reason to change my outcome. For the reasons I've explained, whilst I understand he'll be disappointed, I don't uphold Mr M's complaint.

### **My final decision**

My final decision is that I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or

reject my decision before 27 September 2023.

Julia Wilkinson  
**Ombudsman**