

## The complaint

Mr P complains that Barclays Bank UK PLC didn't consider his application for a further advance fairly.

## What happened

Mr P has a buy to let mortgage with Barclays and in December 2022 applied for a further advance of £51,000 to assist him to buy another property. In deciding on the application, Barclays instructed a surveyor who asked for a further damp and timber Report at a cost to Mr P of £600. This confirmed there were no damp and timber issues. The surveyor estimated that rent for this type of property should be £1,900 per month for the area but Mr P gets rent of £2,500 per month. Barclays said that on affordability grounds it couldn't lend what Mr P had requested.

Our investigator didn't recommend that this complaint should be upheld as he felt that in coming to a decision on the affordability of the mortgage, Barclays had a number of factors to consider, and it had acted fairly in coming to its decision. Mr P disagreed and asked for a review.

## 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.

This complaint arises when Mr P tried last December to raise some money on his buy to let property to use for the purchase for another property. Barclays got a valuation on the property just before Christmas 2022. The valuer required a specialist Report for dry rot timber and damp noting that there was *"evidence of potential rot/timber decay affecting the timber rafters. A significant build up of moisture was also seen on the non-breathable secondary weather barrier. This could also allow dampness to affect the roof timbers"*

Mr P commissioned a damp and timber Report. This was done on 16 January 2023 and noted that there was a new breathable membrane attached to the rafters underside of the roof and the timber batons and rafters were examined closely and found to be dry and devoid of moisture. On receipt of his Report the surveyor issued a valuation and estimated the monthly rental unfurnished on an AST basis at £1,900.00 per month. As a result, the case failed Barclays's affordability assessment for the amount of money that Mr P wanted to borrow. This was communicated to Mr P's mortgage adviser on 19 January. Barclays's underwriters then considered Mr P's submission that he was getting rent of £2,500 per month but Barclays noted that its policy was to accept the valuer's estimated rental figure which was lower.

Mr P's concern is that the original valuation of the property misrepresented the property, that Barclays shouldn't have relied on the estimated rental supplied by the valuer but on the actual rental figures his tenant was paying and in any case on the lower figures he should have got a mortgage in any case. My role is to decide whether Barclays did anything wrong. What it did was to follow its processes. It instructed a valuer who recommended a further

Report. That is not unusual and from the initial valuer's Report it would appear to have been essential. There appears on the face of it to be a divergence between what the valuer saw and what is recorded on the second specialist Report. But Barclays didn't produce the Report. It was prepared for them by a member of a professionally qualified body. If there are errors on it, that's not the fault of Barclays.

Barclays accepted the estimated rental return from the valuer rather than the actual rental. But that's Barclays's policy and as a lender Barclays is entitled to follow its lending policy in deciding whether it should lend and how much it should lend. Barclays appear to have acted within its policy and considered the estimated rental in its affordability assessment and arrived at a figure it would lend to Mr P. That was lower than Mr P wanted.

Mr P wanted some new borrowing and approached Barclays as a lender. Barclays wanted a valuation to see if the property value would support the extra borrowing and whether the borrowing would be affordable. As I indicated above there appears to be a divergence between the initial report of the valuer and the follow-up report that Mr P obtained as to the condition of the property, but Barclays was then satisfied as to the condition of the property. Mr P says that he shouldn't have been asked to pay for a further specialist Report but from the information supplied to Barclays it was reasonable for them to request it, so I don't consider that the bank did anything wrong in doing so.

The remaining issue was the likely rental return which fed into the affordability assessment. Barclays was content to rely on the valuers estimate which differed from the actual rental return that Mr P was then achieving. Barclays says that that is its policy. I can understand Mr P wonders why the actual return isn't used. The valuer is indicating that if the actual tenant was not in place what the actual rental would likely to be as the market then stood. I don't consider that it's unreasonable for Barclays to use the criteria of what the estimated rental would be and to be guided in that by a specialist valuer. But it's also Barclays's policy. Mr P can expect fair treatment from Barclays but within Barclays's lending criteria. Barclays appears to have applied its lending criteria, but this didn't result in a loan offer being made to Mr P. But that doesn't mean that Barclays did anything wrong.

I noted that Mr P is unhappy with the communication from Barclays regarding the refusal of the application and that he wasn't informed the reason for it. But when the bank does its figures following the second valuer's report it tells Mr P's adviser that the application failed because of affordability – and the actual figure it failed by. Because of the above I can't fairly uphold this complaint.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 8 November 2023.

Gerard McManus  
**Ombudsman**