

## **The complaint**

Mr M and Mr S complain that Barclays Bank UK PLC caused delays with their application for a consumer buy to let mortgage and the valuation carried out on its behalf was incorrect. They ask for compensation of about £12,000.

## **What happened**

Mr M and Mr S had a residential mortgage with Barclays. They intended to buy a property to live in and let out the security property. They took advice from a broker and applied to Barclays in mid-April 2022 for a consumer buy to let mortgage to replace the residential mortgage. They expected to complete their re-mortgage and property purchase by mid-June 2022.

Mr M and Mr S say Barclays caused delays, most notably by asking for an on-site valuation in late May 2022. The valuation was carried out in early June 2022 and was lower than they'd expected. Mr M and Mr S say the valuation was an error and was significantly lower than valuations carried out on behalf of other lenders at about the same time.

Mr M and Mr S applied elsewhere for a buy to let mortgage. They were on Barclays standard variable rate (SVR) from 1 June 2022 until they re-mortgaged and say they missed out on lower interest rate products due to the delays.

I sent a provisional decision explaining why I intended to uphold this complaint and require Barclays to pay £200 compensation. I also set out why I didn't think it was fair and reasonable to require Barclays to pay compensation to Mr M and Mr S for them taking out a product with a higher cost than the product they chose when they applied to Barclays, or which might have been available in late May or early June 2022. Mr M and Mr S didn't agree.

## **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.

Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

### *Was it fair for Barclays to rely on the valuation?*

Barclays is entitled to ask for a valuation of the security property to help it make a decision on whether to lend. I'd expect it to instruct a suitably qualified valuer, which I think was the case here. I appreciate that lenders often rely on desk-top or drive by valuations. But Barclays was entitled to ask for an in-person valuation.

The valuation was carried out in early June 2022. The valuer said the estimated value (of £700,000) wasn't supported by sales of comparable properties in the locality. The property

was valued at £495,000.

Barclays asked the broker to choose a new product (from its higher loan to value range) or reduce the loan amount. Barclays says the broker didn't respond. Mr M says both they and the broker immediately challenged Barclays and the surveyor. Mr M provided copies of emails with the surveyor and messages with the broker which support what he says.

Mr M provided a copy of his email to the surveyor, in which he explained why he thought the valuation was an error. He said this was because of the valuation in 2016 and improvements since, the agreed monthly rental, and an increase in property prices in the area and sale prices of flats in the same building. He said the surveyor could check this on-line. The surveyors said they could only discuss the matter with Barclays.

Barclays asked the firm of surveyors to review the application and provided a copy of their response. This said they'd reviewed the surveyor comparable tool, report and rationale and agreed with the valuation. They set out what had been taken into account in the valuation.

Barclays also provided an email from a surveyor within Barclays saying she'd also reviewed the surveyor comparable tool and agreed the valuation was correct and supported.

Mr M and Mr S asked when these reviews took place. We asked Barclays this and it didn't tell us. Like Mr M and Mr S I assume the reviews were more recent than June/July 2022.

Barclays did send, in confidence, its internal policy on valuation appeals. In summary, there's no right of appeal (this could explain why Mr M and Mr S say they were told there's no right of appeal). Barclays will consider an appeal only in specific circumstances, and there's no discretion outside this – either the criteria for an appeal are met or they aren't.

Barclays says it has no record of Mr M and Mr S or the broker asking it to review the valuation before mid-August 2022. I appreciate that Mr M and Mr S say they were told no appeal was possible. I'm not persuaded the points they raised at the time about the valuation would have met Barclays' criteria for an appeal. But I haven't changed my view that it's unlikely this would have changed matters. That's because the surveyors' firm and Barclays internal surveyor reviewed the valuation and said they agreed with it.

Mr M and Mr S said asking the valuer to review the valuation only after they'd complained meant it wasn't independent. The valuation was carried out for Barclays, but the valuation was the valuer's professional opinion.

Mr M and Mr S say valuations carried out on behalf of the lenders they later applied to valued the property at £620,000 and £650,000. Neither Mr M and Mr S nor Barclays had access to these valuations in early June 2022.

While I agree that the valuers instructed by the other lenders gave very different valuations, I must be clear that it's not my role to decide whether the valuation carried out on behalf of Barclays was correct. What I have to decide is whether it was reasonable for Barclays to rely on the opinion of the valuer as to the value of the property. Barclays received a clear response from the firm of surveyors that they had reviewed the matter and stood by the valuation. There wasn't an obvious error in the valuation report. In the circumstances, I think it was reasonable for Barclays to rely on the valuation.

Barclays didn't decline the application at this point. It asked Mr M and Mr S's broker to choose a different product, from the higher loan to value range, or reduce the amount of the loan applied for. I don't think it was unfair for Barclays to request this.

### *Did Barclays cause delays?*

Mr M and Mr S say their broker had problems with Barclays' systems when they tried to submit an application in mid-April 2022. The application was submitted on 19 April 2022, a week after it was dated (12 April 2022).

Barclays says there was a mismatch with the records it held for Mr M and Mr S which needed to be sorted out before the application could proceed. It provided records which support this.

This was resolved on 27 May 2022. However, Barclays says it received the necessary documents on 13 May 2022 and should have ensured the account was updated sooner than 27 May 2022. It says the outcome would have been the same but Mr M and Mr S would have had a decision sooner.

I don't think it was unfair or an error for an in-person valuation of the security property to be carried out. As this was arranged for early June 2022, I don't think this caused unreasonable delays.

Mr M says Barclays told him there was no process to review or challenge the valuation. It's possible that Mr M was given incorrect information about this. But I don't think this caused delays. The firm of surveyors stood by the valuation, so it's unlikely any appeal process would have resulted in a change in the valuation. Mr M and Mr S needed to adjust their application to Barclays or apply elsewhere for a buy to let mortgage. They applied elsewhere without delay.

Mr M and Mr S's broker submitted an application on their behalf to another lender on 8 June 2022. This application didn't proceed to an offer. Mr M and Mr S's broker submitted an application to a third lender on 11 July 2022. This did result in an offer, in August 2022. This had a higher interest rate and a higher product fee than the Barclays' product. This mortgage completed in early October 2022.

I don't think Barclays is responsible for the time taken by the other two lenders to process the applications from Mr M and Mr S, or for six weeks passing between the mortgage offer and completion.

The only delay I think Barclays was responsible for was in failing to progress Mr M and Mr S's application between 13 May and 27 May 2022. It's also possible delays in submitting the application in mid-April 2022 were due to Barclays' systems. These delays amount to about two to three weeks. Taking into account the overall timescales, and that the second application was declined, I don't think I can fairly find that Mr M and Mr S would certainly have secured a cheaper interest rate product if there hadn't been this delay.

It follows that I don't think it's fair and reasonable to require Barclays to pay compensation to Mr M and Mr S for them taking out a product with a higher cost than the product they chose when they applied to Barclays, or which might have been available in late May or early June 2022.

### *Barclays' response to Mr M and Mr S's complaint*

I should explain that because complaint handling isn't a regulated activity we can't always look into it. We can do so in some circumstances, for instance if the way a complaint was dealt with delayed the underlying problem being resolved. I don't think that was the case here. Mr M and Mr S immediately applied to another lender after the valuation. The outcome of the complaint didn't change matters.

## **Putting things right**

For the reasons I've explained, I don't think it's fair and reasonable to require Barclays to pay compensation to Mr M and Mr S for the higher cost of the product they took out compared to the product they chose when they applied to Barclays, or which might have been available in late May or early June 2022.

I've considered whether the delays of about two to three weeks caused by Barclays resulted in financial loss to Mr M and Mr S. In particular, if they were on Barclays SVR for longer than they might otherwise have been.

Barclays wasn't responsible for the second application being declined, or the time taken by other lenders to progress their applications. Mr M and Mr S haven't said why it took more than six weeks for the re-mortgage to complete after they received a mortgage offer. There were significant delays in Mr M and Mr S re-mortgaging which were not due to any errors by Barclays. Because of this, I don't think I can fairly say that the re-mortgage would have completed two or three weeks sooner but for the delays caused by Barclays.

It's likely that Mr M and Mr S were caused worry and inconvenience by the delays Barclays did cause, of about two weeks. Mr M and Mr S had committed to renting out the property from mid-June 2022, and their interest rate product expired at the end of May 2022. This was during a period of rising interest rates. Taking all this into account, I think it's fair and reasonable to require Barclays to pay compensation of £200 for the upset caused by its delays.

## **My final decision**

I uphold this complaint and order Barclays Bank UK PLC to pay £200 to Mr M and Mr S.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mr S to accept or reject my decision before 26 October 2023.

Ruth Stevenson  
**Ombudsman**