

The complaint

Mr F and Miss M complain that mistakes Barclays Bank UK PLC made when it completed their last remortgage, meant they weren't able to secure further lending on their property, to support the purchase of a second property they said their family desperately needed.

What happened

Mr F and Miss M wanted to take out a second charge on their property. They said this was to buy a second property, which they told us their family desperately needed, for reasons I won't set out here.

As part of this application, Mr F and Miss M discovered that, although their property is covered by two separate entries on the Land Registry, Barclays had only taken a first charge over one of these properties.

An investigation showed this error had originated with Barclays. Barclays accepted that it made a mistake, as it had only asked its solicitors to place a charge over one of the two entries on the Land Registry. It agreed to pay the legal costs to put this right (which Mr F says are £1,081.20) and £400 in compensation.

Mr F says he hasn't accepted this, and he says that because Barclays hasn't made payment, he wasn't able to complete the legal work. So he and Miss M weren't able to secure the extra borrowing they wanted.

Mr F and Miss M have shown us two mortgage illustrations they received. The first was dated 24 March 2022 describing the terms of possible lending of £137,000 at an initial rate of 3.90%. The second was dated 15 June 2022 describing the terms of possible lending of £137,000 at an initial rate of 4.20%. Mr F said the later offer was only valid until 15 July 2022. So it had since lapsed, and Mr F expected he'd have to pay much more interest now.

Mr F and Miss M have told us they then purchased the second property which they were intending to buy with the lending quotes above. They said they'd borrowed from family and friends to pay for this. Mr F and Miss M don't appear to have yet secured any lending.

Our investigator didn't uphold this complaint. He said Barclays had taken the correct steps to put things right, and offered compensation for the distress caused. He said although Mr F and Miss M believe they've lost out financially, a mortgage illustration isn't a guarantee of lending. Their application would be subject to further detailed lending checks by the second lender. So our investigator couldn't say that a mortgage offer would have been made. Our investigator said our service wouldn't provide compensation for a hypothetical loss.

Mr F replied on behalf of himself and Miss M. He said Barclays' error had cost them tens of thousands of pounds, so he asked how our service could think £400 was appropriate compensation. He said that wouldn't help Barclays change its behaviour and not make such mistakes. Mr F said he couldn't align our service's findings with the examples on our website of compensation amounts. And he wanted to know why Barclays still hadn't paid a penny.

Because no agreement was reached, this case came to me for a final decision.

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've reached the same overall conclusion as our investigator on this complaint.

I understand that Mr F and Miss M feel strongly about this complaint. I've been very sorry to hear about the difficult family circumstances they told us about. I hope that the second property, which they told us they have now purchased, has helped with this somewhat.

I also understand that Mr F and Miss M blame Barclays for what has gone wrong here. They are firmly of the view that Barclays is the root cause of what they say is a very significant loss for them. I don't think it's disputed that Barclays have made a mistake here. But the reason I've reached the same overall conclusion on this complaint as our investigator, is that I haven't been able to conclude that it's most likely that Barclays is the direct cause of all the losses Mr F and Miss M have told us about.

Barclays accepts it did make a mistake when it secured its lending to Mr F and Miss M over only one of the two legal titles that make up their property. But it has now offered the funds to put this right, and £400 in compensation for that.

Mr F says this isn't enough to make Barclays do better in future. But our service isn't a regulator, and I can't make punitive awards against a business, aimed at making that business improve its service to other customers. I can only look at what has happened in this particular case.

Mr F and Miss M consider that if this mistake hadn't been made, they would have been able to secure lending in mid-2022, for the new property they wanted to purchase. I haven't been able to decide that's what's most likely to have happened in this case, without the mistake Barclays made.

Before I could make an award of the scale that Mr F and Miss M would wish, I would have to see that any borrowing from the second lender they had mortgage illustrations from, would not have been delayed anyway. Mr F shared part of a message from his broker, which suggests this lender wasn't willing to lend on a property made up of two separate titles. If that had remained the case, it seems likely that further lending from this lender would always have been delayed in order to allow the two titles to be merged.

I haven't asked Mr F and Miss M for more information to resolve that issue. That's because even if having two separate titles for their property wasn't, in the end, an obstacle to lending to Mr F and Miss M, then I would still say, like our investigator, that I can only see that they were ever given mortgage illustrations for this lending. That's not the same as an offer, and unfortunately it's no guarantee that any offer will eventually be made.

I note that Mr F and Miss M still haven't secured lending. Bearing in mind the circumstances of this case (including that their application didn't complete at the time they wanted this money, and they haven't secured other bank lending since) I cannot say it's most likely that Mr F and Miss M would have been successful in securing the second charge lending they wanted, if the problems with the charge hadn't occurred.

Mr F said he hadn't been able to go ahead with any lending, because Barclays hadn't paid the money he needed to resolve the issue of title. But Mr F could have accepted Barclays' offer at any time. I know Mr F didn't think he could then bring his complaint to us, but there's no suggestion of this in Barclays' letter, and either Barclays or our service could easily have cleared up any confusion about this if Mr F had asked. I haven't been able to see that it would be Barclays' fault if Mr F had understood he couldn't accept its offer of payment, both in compensation and towards his solicitors fees, and still contest the compensation payment Barclays was making.

For all the reasons set out above, I haven't been able to conclude that it's most likely that Mr F and Miss M could have secured the lending they have told us they were interested in, in early 2022, if it wasn't for the mistake Barclays made earlier in only registering its charge over one of their two property titles.

I do accept that the process of putting this right has been prolonged and stressful for Mr F and Miss M, but because I haven't been able to see that Barclays is responsible for all the consequences that Mr F and Miss M have described, I do think its offer, of £1,081.20 to cover legal fees and £400 in compensation, does provide a fair and reasonable outcome to this complaint. So that's what I'll now ask Barclays to pay, if it hasn't done so already.

My final decision

My final decision is that Barclays Bank UK PLC must pay Mr F and Miss M £1,081.20 to cover legal fees, and £400 in compensation, if it has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Miss M to accept or reject my decision before 4 September 2023.

Esther Absalom-Gough
Ombudsman