

## **The complaint**

Mr J complains about his mortgage with Barclays Bank UK PLC. He says that Barclays failed to assess affordability properly when lending. And in sending a redress offer to the mortgaged property, it's led to a falling out with the joint mortgage holder.

## **What happened**

In 2020 Mr J and a friend took out a joint mortgage with Barclays. The property is solely owned by the other party and Mr J does not and has never lived there. He agreed to be named on the mortgage to allow the other party to be able to borrow enough to buy the property. Although the mortgage remains in joint names, the other party has made all the payments. Barclays is aware of the arrangement and has a separate correspondence address for Mr J.

In 2023 Barclays reviewed some past mortgage transactions and concluded it might not have carried out affordability assessments properly when it originally agreed to lend. It wrote to affected borrowers – Mr J's was one of the mortgages included. Barclays wrote to both Mr J and the other party, but sent both letters to the mortgaged property, where both were seen by the other party.

The letters (wrongly) described the mortgage as a buy to let mortgage. They said that if Barclays had carried out the affordability assessment correctly it wouldn't have lent as much as it did. But because the payments had been maintained it didn't think there was any detriment. It offered Mr J and the other party £250 compensation each.

Mr J says that on receiving the letters the other party felt that he should be entitled to all the compensation because he was the one paying the mortgage. But Mr J feels that they should each have the separate amounts offered by Barclays, because even though he isn't making the payments Mr J is named on the mortgage and jointly liable for it, so he is just as much at risk because of the lending decision.

Mr J says that because of the resulting disagreement, their friendship has broken down and he and the other party are no longer on speaking terms.

Mr J complained. He said that Barclays knew he wasn't living at the property and had his correspondence address, so should have written to him there not at the mortgage property. He said its failure to do that had caused the end of his friendship, which was upsetting for him. He said that now the relationship with the other party had broken down, he wanted to be removed from the mortgage. He was concerned about the impact of it on his ability to refinance his own residential mortgage. He said that if Barclays wouldn't remove him from the mortgage, it should pay him half the outstanding balance as compensation. Mr J also complained about the original lending decision and said that if Barclays had only lent the right, affordable, amount it would have reduced his overall indebtedness and made it easier for him to obtain credit for other things.

Barclays said it couldn't remove Mr J from the mortgage. The other party would have to apply to take it over himself, and Barclays couldn't compel him to apply for that. It said that

before it sent the redress letters it checked that borrowers were still living at the properties they'd bought. It found evidence in this case that the other party was, so it sent both letters to the property without making further checks on Mr J. This was its process for the redress exercise, but other than that it has and continues to use Mr J's correspondence address.

Our investigator said that we couldn't consider a complaint about the original lending decision because only one party to the mortgage – Mr J – had brought it. She said she could consider the impact of Barclays sending the letter to Mr J to the mortgage property rather than his own address. And she didn't think that the consequences of Barclays writing to the mortgage property were reasonably foreseeable.

### **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 rules of the Financial Ombudsman Service allow us to decline to deal with complaints in certain situations. One of these is where there is more than one eligible complainant, but not all eligible complainants have joined the complaint.

That rule applies to the part of Mr J's complaint which concerns the original lending decision. The mortgage was lent to both parties, with the affordability assessment being based on both their income and expenditure details. Both are jointly and severally liable for the whole mortgage, regardless of who is actually paying it. Even if – as Mr J believes – the error was made in respect of his income not the other party's (which I have not confirmed to be the case), that doesn't change the fact that the error resulted in both parties being lent and made liable for a mortgage balance that was too large. That means that both parties would have suffered any detriment, and be entitled to any redress that may be due.

In those circumstances, it's not appropriate to consider a complaint brought by only one of the potential complainants. To do so risks the other party not receiving redress they might be entitled to – or a complaint being rejected without them having the ability to input into it. Either outcome wouldn't be fair. With that in mind, I think it's appropriate for me to exercise my discretion to decline to consider this complaint in the absence of the other party.

That means I won't be considering whether or not the mortgage was lent unaffordably, what the consequences of that were, or whether Barclays' offer of £250 to Mr J was fair and reasonable.

However, I can consider the impact on Mr J of Barclays sending the letter making that offer to the mortgage property. That's his complaint alone, about the impact on him of a customer service failing in respect of the customer service provided to him.

Barclays has explained that it carried out a redress exercise separately to its normal communications. This concerned a group of mortgages where it thought there might be problems with the affordability assessment. It wrote to affected customers – sending letters to the properties concerned once it had checked they still lived there. This was done outside normal customer communication processes. So when Barclays confirmed the other party was still at the address it sent both letters there without checking whether there was a separate correspondence address for Mr J.

I agree this was unfortunate. It would have been better for Barclays to have checked and used Mr J's correspondence address. But this is a residential mortgage. It's not unusual to send important correspondence to the property, particularly where the borrowers (or, in this case, one of them) live there.

I accept what Mr J says, that he and the other joint party fell out and suffered an irretrievable breakdown in their relationship over who should have the £250 compensation Barclays offered to Mr J. But in order to hold Barclays responsible for that, I would need to be satisfied that it did something wrong and that such an outcome was reasonably foreseeable. And I'm not persuaded of that.

I think it would have been better if Barclays had checked Mr J's correspondence address, but I understand why it didn't and I don't think failing to do so was outside the boundaries of what was reasonable. And even if it was unreasonable, I don't think the results were foreseeable. I don't think Barclays could reasonably have been expected to anticipate that an offer of compensation would provoke an argument between joint account holders, or that Mr J and the other party would disagree about a relatively minor sum of money to such an extent. I don't therefore think it would be fair to hold Barclays responsible for the breakdown of Mr J's relationship with the other party.

Barclays can't remove Mr J from the mortgage. That requires an application from the other party – because he would be taking sole responsibility for it, and Barclays can't do that without confirming that is what he wants and assessing whether it would be affordable for him to do so. That's required by the rules of mortgage regulation.

Because Barclays isn't responsible for the breakdown of the relationship, and can't remove Mr J unless the other party makes an application to do so, Barclays isn't responsible for Mr J still being a party to this mortgage and the difficulty he says it has given him in re-financing his own residential mortgage. That's a consequence of his agreement to be party to this mortgage in the first place – and to the extent that his complaint is about the size of this mortgage rather than the fact of it, I've already explained that I can't consider a complaint about the original lending decision.

I've also considered what Mr J has said about how his complaint was handled. I don't think Barclays acted unreasonably here – I appreciate Mr J is unhappy that it didn't uphold his complaint, but I don't think it was handled inappropriately.

### **My final decision**

For the reasons I've given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 11 March 2024.

Simon Pugh  
**Ombudsman**