

complaint

Mr V complains that Barclays Bank plc took too long to consider his application for a commercial mortgage.

background

Mr V owns a property which he rented to his business. When he moved abroad, he sold the business and wanted to agree a lease with the new owners so that they could carry on running the business from the property. He also wanted to convert vacant parts of the property to flats that could be rented out. He applied to Barclays for changes to his mortgage – to raise funds, to make changes to the scope of the secured property, and to remove a debenture over his business.

Unfortunately, the application hadn't been completed after almost two years. So Mr V complained. Our adjudicator didn't recommend upholding the complaint, and so it comes to me for a final decision to be made.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I understand that this process has been very difficult and frustrating for Mr V, and I sympathise with his desire to get his mortgage application resolved as soon as possible. I have taken into account everything that he and Barclays have said. While I might not deal with each separate point both parties have made, that should not be taken as meaning that I haven't considered them. It is simply a reflection of the informal nature of our service that, in this decision, I'll concentrate on what seem to me to be the key points I need to decide.

I've looked carefully at Barclays' file, which shows the history of this transaction. It doesn't, in my view, show that Barclays has unduly delayed things. I accept that Mr V was told that, as an indication of standard commercial mortgage transactions, it might take two or three months to resolve.

But I don't think that this was a standard transaction. Mr V's plans for the property changed more than once, meaning that Barclays had to reconsider its view of those plans. For example, the initial plan was to convert the upstairs into two flats using the loan proceeds. But then a neighbour offered to purchase part of an out-building, and Mr V decided to convert the other part into another flat. Then it was agreed that the neighbour would do the flat conversions in return for the land it wanted, rather than pay a price for it.

This substantially changed the nature of the transaction. It went from two flats to three, it altered the extent of the property covered by the bank's security, and it was an unusual way of selling part of the property.

There were also problems identified with the drafting of the lease letting the ground floor to the new owners of Mr V's business. There were problems identified by the valuation – Mr V says that the valuation is wrong, but it was carried out by a competent valuer instructed by the bank, and so the bank was entitled to take into account what it said and act on it.

Because of these and other changes, several facility letters were issued for different amounts, but with conditions to be fulfilled before the funds could be drawn. Mr V didn't receive all the letters in good time.

Communication between Mr V and the bank wasn't made easier by the fact that Mr V had moved to Australia; I don't think that the bank was at fault here.

There were areas where Barclays could have performed better; I think it could have done more to keep Mr V informed. And when he first complained about the delay, his complaint wasn't picked up or responded to. But I don't think that these errors made any real difference to the time taken to deal with the applications, and so they aren't enough for me to uphold the complaint.

This application did take a very long time. But I think that, fundamentally, the reason it did so was because of a combination of factors. The transaction was unusual, and relatively complicated, and it changed several times. Other parties, such as the valuer and the lawyers, also delayed matters. Mr V and the bank were often on different sides of the world. In combination, these things added up to a process that took a very long time – and probably rather longer than it needed to. But I don't think it would be fair and reasonable to say that the primary cause of the time taken was because Barclays handled it badly.

my final decision

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

Under the rules of the Financial Ombudsman Service, I am required to ask Mr V to accept or reject my decision before 10 July 2015

Simon Pugh
ombudsman