

The complaint

Mr and Mrs H are unhappy that Santander UK Plc wouldn't lend them further money on their mortgage to consolidate their debts. They say this forced them to move their mortgage elsewhere and thus incur a £7,260.72 early repayment charge (ERC).

Mr and Mrs H have said they were aware they'd incur an ERC, but they feel they had no choice. They think Santander should have done more to help them, such as lending them the money or reducing the amount of the ERC.

What happened

In 2015 Mr and Mrs H took out a fixed rate mortgage product with Santander. The rate was fixed until October 2020 and was subject to an ERC if they wanted to end it before then.

In 2019 Mr and Mrs H wanted to borrow more money to consolidate their debts and carry out some home improvements. They looked on Santander's website and that said Santander doesn't offer further advances for debt consolidation. They decided to speak to an adviser in branch to check the information and were told it was correct.

They arranged a remortgage to a new lender and redeemed their Santander mortgage in December 2019, incurring a £7,260.72 ERC.

Our investigator said Santander hadn't done anything wrong as it had followed its lending policy, and the ERC was due under the contract Mr and Mrs H had entered into in 2015. Mr and Mrs H didn't agree and so it's been passed to me to decide.

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 trust Mr and Mrs H won't take it as a discourtesy that I've condensed their complaint in the way that I have. Although I've read and considered the whole file I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

It's not my role to tell a lender whether (or not) to lend to a particular consumer for a particular reason. Each lender has its own risk appetite. Santander doesn't offer further advances for debt consolidation. That's not a rule just for Mr and Mrs H - it is the same for all Santander's customers - so Santander hasn't treated Mr and Mrs H any differently from how it would have treated any other of its customers that made the same enquiry.

I appreciate Mr and Mrs H feel Santander is being unfair. But lenders are able to use their commercial judgement to decide how much, if anything, to lend to consumers and for what purposes. My role is to ensure such judgement is applied fairly and reasonably; it isn't to substitute my judgement for the bank's. Santander doesn't have to offer a bespoke service

to Mr and Mrs H to consider their enquiry more holistically, it simply has to apply its lending policy fairly.

In this case, Santander applied its lending policy to Mr and Mrs H's proposal. It follows that I'm satisfied Santander didn't act unreasonably in warning Mr and Mrs H that any further advance application for debt consolidation purposes at that time would be unsuccessful.

Mr and Mrs H have said our investigator didn't look at their case thoroughly as we didn't ask them about what debts they had and what their outgoings were. They also said we failed to address the fact they had to add the ERC amount onto their new mortgage, making more debt. But we don't need to know that information – nor address that - as none of that is relevant here to our findings on this complaint.

It wouldn't have mattered if Mr and Mrs H wanted to borrow £5,000 or £50,000, or whether their outgoings were high or low. It also doesn't affect the outcome of this complaint that Mr and Mrs H added the ERC amount onto their new mortgage. The simple fact is that Santander doesn't offer further advances for debt consolidation purposes, and we can't force it to, so the underlying details don't affect the outcome of the complaint.

The options Mr and Mrs H had were to:

- Carry on as they were, keeping their mortgage with Santander - thus not incurring the ERC - and keep their other debts separate. What Mr and Mrs H then did with those other debts isn't something Santander could get involved in, and for that they would have needed to seek independent financial – or debt – advice.
- Remortgage to a new lender to consolidate their debts and incur the ERC on their Santander mortgage.
- There was perhaps a third option, which was that Mr and Mrs H may have been able to consolidate their debts by arranging a second charge secured loan and leaving the Santander mortgage untouched. Santander doesn't offer second charge secured loans and it couldn't offer advice about that option (due to not being authorised to do so), so it did nothing wrong in not mentioning that possibility to Mr and Mrs H. That would have been a matter for Mr and Mrs H to discuss with the mortgage broker that arranged their mortgage with their new lender, or if that broker was also unable to advise on such loans then Mr and Mrs H needed to discuss it with an independent specialist adviser. All Santander had to do was tell Mr and Mrs H that *it* couldn't lend them the money they wanted, which is what it did.

Mr and Mrs H opted for the second option and therefore they incurred the ERC. Whilst they say they had no choice, that wasn't Santander's fault; it simply followed its lending policy.

There wasn't a fourth option whereby Mr and Mrs H could get the money they wanted as a further advance from Santander. Nor was there a fifth option whereby they could remortgage elsewhere without incurring the full ERC that was due under the 2015 mortgage contract.

There was no reason for Santander to reduce – or waive – the ERC because it hadn't done anything wrong. I can only uphold a complaint and order compensation if a business has done something wrong. As I'm satisfied Santander did nothing wrong then there are no grounds for me to order it to refund the ERC, either in full or in part.

My final decision

I don't uphold the complaint. My final decision concludes this service's consideration of this complaint, which means we'll not be engaging in any further consideration or discussion on the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 9 February 2021.

Julia Meadows

Ombudsman