

The complaint

Mr and Mrs H complain that Santander UK Plc didn't transfer funds for the purchase of their new home, on the intended day of completion. They say this caused them extra costs, distress and inconvenience.

What happened

Mr and Mrs H were moving to a new home. Their mortgage was remaining with Santander, but they were increasing their borrowing. Rather than having separate products for their existing and further borrowing, they chose to switch their existing borrowing to the new product being taken out for the further borrowing. They had to pay an early repayment charge to exit their existing product.

Santander didn't transfer the purchase funds to Mr and Mrs H's solicitor on the intended day of completion. This meant Mr and Mrs H, and their two young children, couldn't move into their new home until the following day. They say they incurred the following costs:

- additional removal charge: £350
- holiday let for one night: £200
- storage container: £100
- food and essentials: £50

Santander has confirmed there was a processing error. But equally, Santander says that, had the error not occurred, it's not certain the funds would have been transferred on the intended completion date. Santander says completion days are never guaranteed, only anticipated.

Nonetheless, Santander offered to reimburse Mr and Mrs H's extra costs, subject to receipts. It also offered Mr and Mrs H £50 compensation for the inconvenience they had suffered on the day. Mr and Mrs H didn't consider £50 fairly reflected the impact on their family. They said the £2,658 early repayment charge should be refunded.

One of our investigators noted the early repayment charge had been applied in-line with the mortgage terms, so she didn't think it should be refunded. However, she thought the £50 compensation should be increased to £200. She also thought £50 should be paid for the food and essentials, without receipts. She noted it would be difficult for Mr and Mrs H to provide receipts for those costs.

Santander agreed with our investigator's recommendations. But because Mr and Mrs H remained unhappy, their complaint has 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.

It's not disputed the early repayment charge was applied in accordance with the terms and conditions, or that Mr and Mrs H were made aware the charge would apply if they chose to switch their existing borrowing to the new product. However, they argue they have paid £2,658 for their previous mortgage to end, and a £999 arrangement fee for their new mortgage to start, yet the process didn't happen correctly.

In Mr and Mrs H's complaint email to Santander, they set out the impact the situation had on their family. I won't repeat everything they said, but having read their email, I don't doubt the situation caused them a great deal of stress, upset and inconvenience on the day. I accept it was fortunate Mr and Mrs H were able to arrange a holiday let and storage unit at short notice, and that the removal company agreed to take some items overnight.

However, I don't consider I can reasonably hold Santander responsible for the breakdown of their relationship with the seller, or the locals, as a result of a payment not going through as expected.

Whilst I accept the day was very upsetting for Mr and Mrs H, the funds were transferred the following day and the sale was completed. They were also able to find somewhere to stay and store their belongings. In addition, Santander offered to reimburse their extra costs. So, overall, I'm persuaded £200 compensation fairly acknowledges the impact of the situation on Mr and Mrs H.

I can't reasonably decide the early repayment charge should be refunded, given that charge was contractually payable due to Mr and Mrs H exiting the product early. The charge wasn't for releasing the funds to Mr and Mrs H on the day in question.

I agree Santander should pay Mr and Mrs H £50, without receipts, for the likely cost of their food and essentials. I'm also mindful the holiday let was through family, and Mr and Mrs H may not have formal receipts for the holiday let, storage unit, or their extra removal charge. As such, Santander should reimburse those costs if Mr and Mrs H can evidence them by bank statements showing transfers or cash withdrawals around the date in question.

My final decision

For the reasons explained above, I uphold this complaint.

My final decision is Santander UK Plc should:

- pay Mr and Mrs H £200 compensation;
- pay Mr and Mrs H £50 for their food and essentials; and
- subject to proof of the payments, pay Mr and Mrs H £350 for their additional removal charge, £200 for their holiday let, and £100 for their storage.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 30 March 2022.

Vince Martin
Ombudsman