

The complaint

Mr and Mrs G are unhappy that Santander didn't process their mortgage application in time to avoid them having to pay stamp duty.

What happened

Mr and Mrs G applied for a mortgage with Santander through a broker. The application was dated 20 May 2021. In order to avoid paying stamp duty, Mr and Mrs G needed the mortgage to complete on or before 30 June 2021.

Santander issued its mortgage offer on 10 June 2021. Then, on 14 June 2021 Santander received correspondence from Mr and Mrs G's solicitor (dated 11 June 2021) notifying Santander that there was a potential issue with the title, in that it was a 'qualified title'.

On 20 June 2021, Santander raised a query with its valuer to establish whether this would be an issue in the context of its decision to lend. Santander received a response from the valuer on 22 June 2021, raising further queries about the title. The matter was referred back to the valuer on 28 June 2021 with a request for the matter to be considered urgently. Santander received the go ahead from the valuer at 4.13pm on 30 June, by which time it was too late to release funds that day. The mortgage eventually completed a number of days later, with Mr and Mrs G needing to pay £6,750 in stamp duty.

Mr and Mrs G complained that they had gone with Santander because although another lender was cheaper, they had been advised that Santander's application to offer time was two weeks. A speedy process was of paramount importance to them because they wanted to avoid needing to pay stamp duty. Mr and Mrs G said they had received assurances throughout that the mortgage would complete in time for them to avoid having to pay stamp duty.

Santander issued a final response letter in which it apologised to Mr and Mrs G's for what they had experienced but said that it didn't think it needed to pay the stamp duty amount. It said it had been a particularly busy time (given the stamp duty deadline) and it didn't consider that it had made any error. However, in acknowledgment of the stressful situation, Santander paid £100 into Mr and Mrs G's account.

Mr and Mrs G remained unhappy and referred their concerns to the Financial Ombudsman Service. An investigator here reached a view on the complaint. In summary, they said that a number of factors can affect the timescales for a mortgage to complete and that they didn't think there had been any excessive delays. They thought Santander had tried to address things as quickly as it could. So they didn't think Santander needed to pay the £6,750 stamp duty figure.

However, they thought that in the course of considering Mr and Mrs G's concerns, Santander had probably raised their expectations that they would end up getting the stamp duty amount back. They said Santander should pay Mr and Mrs G £200 for not having managed their expectations better.

Mr and Mrs G were disappointed with the outcome. They re-iterated that they had only gone with Santander on advice from their broker that Santander's timescales were slightly better than other lenders. They said they understood the timescales weren't excessive but still thought that Santander should be held more to blame for what had happened.

Santander agreed to pay the £200 to resolve the complaint. However, Mr and Mrs G remained unhappy and so the case 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.

Having done so, I've come to the same overall conclusion as that reached by the investigator and for broadly the same reasons. I appreciate this will come as a disappointment to Mr and Mrs G but I hope that my explanation helps them to understand how I've reached the conclusion I have.

Before I explain why, I want to set out my role as an ombudsman. It isn't to address every single point that's been made to date. Instead, it's to decide what's fair and reasonable given the circumstances of this complaint. And for that reason, I'm only going to refer to what I think are the most salient points when I set out my conclusions and my reasons for reaching them. But, having read all of the submissions from both sides in full, I will continue to keep in mind all of the points that have been made, insofar as they relate to this complaint, when doing that.

There are two fundamental issues to decide here:

- Does Santander need to pay Mr and Mrs G the stamp duty amount?
- What level of compensation (if any) does Santander need to pay Mr and Mrs G, given all that happened?

The stamp duty amount

First, I can completely understand why Mr and Mrs G are unhappy that they ended up needing to pay stamp duty. Anyone in their situation would be disappointed and frustrated. However, in order to conclude that it would be fair and reasonable for Santander to pay Mr and Mrs G the stamp duty amount, I would either need to see that Santander had guaranteed that the mortgage would complete on or before 30 June 2021, or that it was solely or at least mainly responsible for the mortgage not completing on time.

On the first point, I cannot see that Santander provided any such guarantee. I appreciate that Mr and Mrs G have said they went with Santander because they'd been advised its timescales were better than other lenders. Also that Santander assured them along the way that the mortgage would likely complete on time. However, neither of these things represents a guarantee.

On the second point, there are a number of things that can slow down completion of a mortgage, which is why the timing can't be guaranteed. I can't see there were any unreasonable delays on Santander's part. It seems to me that the main reason the mortgage didn't complete on or before 30 June 2021 was the issue with the title becoming apparent. Santander wouldn't have known there was going to be such an issue and it was reasonable of it to want to check this with its valuer.

For this reason, whilst I have sympathy for the situation Mr and Mrs G find themselves in and appreciate they feel very strongly about the situation, I cannot reasonably say that Santander needs to pay them the stamp duty amount.

Compensation

Santander paid Mr and Mrs G £100 to acknowledge it had been a stressful situation. The investigator recommended that Santander pay an additional £200 for not managing Mr and Mrs G's expectations as it should – in that it led them to believe they may well get the stamp duty amount back.

There is no recording of the call available between Mr and Mrs G and Santander's representative where Mr and Mrs G raised their concerns about what happened. I note that Santander's final response letter indicates that its representative did think there were grounds to consider giving Mr and Mrs G a refund of the stamp duty amount. But that, after this had been escalated within Santander, no refund would be provided.

Bearing this in mind, I find Mr and Mrs G's testimony that they were told they had a strong case to get the money back to be plausible and persuasive. Bearing in mind the loss of expectation from this and that Mr and Mrs G may well have been told along the way that it was likely the mortgage would complete on time, I consider that £300 does represent a fair amount of compensation.

Putting things right

To put things right, Santander needs to pay Mr and Mrs G a total of £300 in compensation. It appears it has already paid £100, in which case it needs to pay Mr and Mrs G an additional £200 (if it hasn't already done so).

My final decision

My final decision is that I uphold Mr and Mrs G's complaint about Santander UK Plc and I direct it to do what I've said above under 'putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs G to accept or reject my decision before 22 November 2022.

Ben Brewer
Ombudsman