

## **The complaint**

Miss M is unhappy with the service provided by Santander UK Plc during her product transfer in July 2022.

## **What happened**

The details of this complaint are well known to both parties, so I will not repeat them again here. The facts are not in dispute, so I'll focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

Santander has accepted fault and made an offer to Miss M. She didn't accept the offer and referred her complaint to our service. Our Investigator considered the complaint and didn't think Santander had done enough to fairly resolve the complaint. He agreed that Santander's offer of £240 compensation for the initial error and then a further £100 for the subsequent distress and inconvenience caused was fair.

He also said it was right for Santander to backdate the rate of 2.24% to July 2022 and return the overpayment taken in August 2022. But he also recommended that Santander should pay Miss M 8% simple interest on the overpayment from the date it was taken to the date Santander returned the overpayment.

Santander agreed with the recommendations, but Miss M remained unhappy and asked for an ombudsman to review the complaint.

## **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 agree with the conclusions reached by the investigator for these reasons:

- Miss M's application should have been completed in July 2022 and her mortgage shouldn't have moved to the standard variable rate. Miss M correctly queried the correspondence received from Santander after making the product transfer application which suggested she needed to do something further. But Miss M was told by Santander the application was in place and she didn't need to do anything.

I'm satisfied that Miss M acted reasonably in taking no further action. So it follows that it would have been worrying for her to find out later that the application hadn't been progressed or completed as she expected. Miss M says she couldn't afford the additional repayment for August 2022, so she needed to borrow money from family to cover it, which is likely to have caused some embarrassment and inconvenience.

Santander accepted things didn't happen as they should've and agreed to backdate the rate to July 2022 and repay any overpayment. It also agreed to pay Miss M £240 for the distress and inconvenience caused. I'm satisfied this is fair in the

circumstances of the case and generally in line with our guidelines as to the trouble and upset caused to Miss M.

- Subsequently Santander asked Miss M to make her capital repayment again, but she had already paid it in April 2022 when she made the initial application. This also would have caused her some worry that the product transfer wasn't progressing as quickly as it should have after the delays. Santander offered a further £100 compensation for the distress and inconvenience caused. I'm also satisfied this is fair in the circumstances and in line with what I'd expect it to do for the additional frustration caused.
- I note Santander has returned the overpayments made by Miss M – which it agreed to do in its final response. However, this wasn't done until December 2022. Whilst I agree it was right for Santander to honour the initial rate and backdate it to July 2022, I don't think it has done enough to resolve the issue. Miss M made the overpayment in July 2022, and she didn't have use of her funds from this date so I think it would be reasonable for Santander to also pay Miss M 8% simple interest on the overpayment from the date it was taken until the date the overpayment was returned to her.

For these reasons, although I understand Miss M's strength of feeling, I'm satisfied the current proposal as set out by the investigator for settling her complaint is fair and reasonable in the circumstances.

### **Putting things right**

Santander should:

- Pay Miss M a further £100 for the distress and inconvenience caused.
- Pay simple interest (the rate of 8% per year) on the over payment from the date it was taken to the date it was returned to Miss M.

If Santander considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss M how much it's taken off. It should also give Miss M a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons mentioned above, I uphold Miss M's complaint. Santander UK Plc should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 7 April 2023.

Jag Dhuphar  
**Ombudsman**