

The complaint

Mr K complains about the way Santander UK Plc dealt with his proposals to repay the balance of his interest only mortgage. He says it continued with legal action, which he says is unfair.

What happened

The term of Mr K's interest only mortgage expired in 2015 with an unpaid balance.

Mr K has brought previous complaints to this service about his mortgage. Our ombudsman issued a decision in 2020 which set out, amongst other matters, why she didn't consider requiring Santander to extend the term of Mr K's mortgage beyond late December 2020 would be a fair and reasonable outcome or in Mr K's best interests.

The balance wasn't repaid. In May 2022 Mr K received a letter saying Santander would be taking legal action. He contacted Santander saying he had a proposal to repay the debt, and it agreed to hold action for 14 days. This was to allow Mr K time to provide evidence of his proposals to repay the mortgage. Mr K sent an email with his proposal.

Mr K then received further letters from Santander related to the legal action. When he contacted Santander it told him it hadn't received his email. This was incorrect. Santander had received Mr K's email. However, it didn't accept Mr K's proposal, as it didn't provide an imminent solution to repay the debt. Mr K says Santander sent threatening letters.

Our investigator said Santander gave Mr K incorrect information when it said it hadn't received his proposal to repay the mortgage. She said Santander should pay Mr K £100 for the trouble and upset this caused. Our investigator said it was reasonable for Santander to continue with recovery action after considering Mr K's proposals, which didn't have a clear date for when the mortgage would be repaid.

Mr K said Santander hadn't considered his proposal fairly. He said regulations require Santander to suspend action for a reasonable period when told the customer is developing a repayment plan. He said Santander told him it hadn't received the information he'd sent, and asked him to re-send it, several times.

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.

The term of Mr K's interest only mortgage expired in 2015 with an unpaid balance. Santander started legal action to recover the debt. Mr K says he's in negative equity and has been unable to sell the property.

I must first be clear about the complaint I'm looking into here. That is, that Santander incorrectly told Mr K it hadn't received the email he sent in May 2022 with his proposals to repay the mortgage. And that it continued legal action and sent threatening letters to him

after this.

Santander agreed in May 2022 to hold legal action for 14 days to allow Mr K to send evidence of his proposal to repay the debt. Mr K sent an email in May 2022 about his proposal. In this email, he said he'd been made an award by a court and was in the process of enforcing this. He provided an extract from a court order issued in 2019 related to the enforcement process. Mr K said he was the beneficiary under a relative's will which was going through probate. He said he was waiting for the outcome of a claim to the Financial Services Compensation Scheme.

Mr K received further letters from Santander and/or its solicitors about the legal action and contacted Santander. Santander told him – incorrectly – that it hadn't received his email with his proposal.

Santander did receive Mr K's email, and it did consider his proposals. Santander said Mr K's proposal wasn't acceptable as there was no clear timeframe for the mortgage to be repaid. It should have told Mr K this when he called. The earliest evidence I've seen of it telling Mr K this was in mid-October 2022. If Santander had told Mr K sooner that it had received his email but his proposals weren't acceptable it might have avoided inconvenience for Mr K, who says he sent his proposal to Santander three times. I think it's fair that Santander pays compensation for this.

Mr K says that regulations require lenders to suspend action for a reasonable period when told the customer is developing a repayment plan. I can't fairly find that Santander acted unfairly or unreasonably when it decided to continue with legal action. The mortgage balance became due in 2015. I think Santander has allowed Mr K reasonable time to develop a repayment plan. The proposal made by Mr K in mid-2022 relies on him receiving funds with no clear timeframe for when this might happen.

Of course, if Mr K does receive these funds, he can contact Santander about repaying some or all of the outstanding mortgage balance.

Mr K says Santander sent threatening letters. Santander, and its solicitors, sent letters relating to legal action to take possession of Mr K's property to recover the debt he owes. While it must be upsetting to receive these letters, I can't fairly find that it's wrong or unfair for Santander to send these letters which are part of the legal process.

I note that Mr K disputes what Santander said in its submissions to the court. This wasn't part of the complaint Mr K brought to us, and so I can't look into it here. Mr K will have an opportunity to respond to Santander's submissions as part of the court process, and this might be a more appropriate way for him to raise any such concerns.

My final decision

My decision is that Santander UK Plc should pay £100 to Mr K, as it's agreed to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 13 April 2023.

Ruth Stevenson
Ombudsman