

The complaint

Mr and Mrs G's complaint about Santander UK Plc (Santander) relates to an application they made for a new mortgage product with a better rate of interest, in January 2022. That application, they say, was handled badly by Santander leading to financial loss, distress, and inconvenience.

What happened

Mr and Mrs G were going through a divorce and at that time their finances were tight. Mr G had left the family home and was living elsewhere. At the relevant times he and his wife communicated through their respective solicitors. Their fixed rate had ended and moved to the standard variable rate (SVR), an increase of 2.09%.

On 18th January Mr G rang Santander and explained the then current position. He provided his new address and sought advice and information about reducing their monthly payments. The advisor told him that he could move to a mortgage tracker product which would reduce the monthly payments significantly. Mr G made the application for that product that day, and when he received the application forms in the post he signed and returned them.

Mr G said Mrs G didn't receive any documentation to sign, but Santander said it was sent to her at her address. As Mrs G didn't return the documentation Mr G had to complete a fresh application on 26 February. New documentation was sent then for both Mr and Mrs G, but to Mr G's address. He then sent the documents for his wife to his solicitor for forwarding to his wife's solicitor, and in turn to her. Santander have accepted that when they updated Mr G's address they also mistakenly changed Mrs G's address details to those of Mr G.

When Santander corrected this address error, Mrs G's documentation was sent her correct address on 11 April, and she subsequently completed and returned it. Santander's interest rate change did not come into effect until 4 June, however.

Santander accepted that they caused delays to the application process and paid Mr G £592.28 in compensation to reflect the additional fees charged by his solicitor in having to deal with the matter on his behalf. Santander also paid £150 in compensation to reflect the stress and inconvenience it had caused. However, it didn't agree to compensate Mr and Mrs G for the additional interest they had to pay caused by the delay in securing the better rate.

Mr and Mrs G were unhappy with Santander's final response and so approached this service to see if we could assist in resolving the dispute. Our investigator thought that there had been poor service by Santander and the amount of compensation paid had been insufficient. He thought Santander should also compensate Mr and Mrs G for the additional borrowing costs between 26 February and 11 April when they were paying the mortgage at the SVR rather than the better rate they switched to.

Santander agreed with our investigator's view and also that it should pay interest at 8%, but Mr and Mrs G didn't, and asked for the complaint to be passed to an Ombudsman for a final decision.

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've taken account of both sides' views and I've looked at the issues raised and considered all the available evidence. Where evidence is not complete, I think about what is more likely to have happened in the light of the evidence which is available. I issued my provisional decision on 24 April and only Mr G replied confirming there was nothing further he wished to say. My provisional decision therefore remains unchanged.

Santander have accepted they made a mistake. However, they don't accept that the initial documentation sent out to Mrs G following Mr G's call on 18 January was sent to the wrong address. They have produced copy correspondence showing it was sent to her correct address. Subsequently correspondence was sent to Mrs G at Mr G's new address, which was an error, but Mr G has not said that the initial documentation was sent there. So, whilst I cannot say that Mrs G definitely received the initial documentation, I have to accept on the evidence that it was sent to her. It follows that Santander have not made an error in this respect since they cannot be responsible for the postal system.

However, on 26 February a second application was submitted by Mr G and on this occasion the documentation for Mrs G was sent to the wrong address causing delay to the application process until 11 April when Mrs G eventually received it.

Mr G has argued that because the rate didn't change until 4 June, Santander should be responsible for the increased mortgage costs to that date. I accept that there was some delay caused when Mr G had to forward documentation to his solicitor for onward transmission to his wife's solicitors, but by 11 April, Mrs G had the documentation in her possession. So, from that date, I don't accept that there was any delay on the part of Santander in processing the application.

Putting things right

Santander has accepted that it didn't get things right and because of that re-imbursed Mr G's solicitors' costs. They have also agreed to refund the difference in interest between the SVR rate and the rate which Mr and Mrs G now have, which I am told amounts to £831.79. On top of that they agree to pay 8% interest. In relation to these elements of compensation I think Santander have acted fairly. The full solicitors' costs have been re-imbursed and they have agreed to pay interest for the period of delay which I find they were responsible for.

The only outstanding issue is the level of compensation for the distress and inconvenience. Santander have paid Mr and Mrs G with £150 and as Mr and Mrs G don't think that is enough to put matters right, I've given this some further thought. When this service considers what an appropriate level of compensation might be, we consider a variety of factors, including the trouble, upset, distress and inconvenience that may have been caused. We categorise awards and examples of these can be found on our website.

There are two potential categories of award I think are relevant to this complaint; the first 'An award .. of up to £300'. This is usually applicable when an error has caused frustration and annoyance more than you might reasonably expect from day-to-day life, and the impact has

been more than just minimal. This is often where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out – and the impact is usually one that has lasted a few days, or even weeks, causing either some distress, inconvenience, disappointment, or loss of expectation.

The second is ‘An award...of up to £750’. This is usually applicable when the impact of a mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. Typically, the impact lasts over many weeks or months, but it could also be fair to award in this range if a mistake has a serious short-term impact

The issue for me therefore is what is a reasonable amount of compensation. In this case both Mr and Mrs G were inconvenienced, although I accept that it seems that Mr G was the party spending more time on the application and complaint. I don't doubt Mr G has spent a lot of time dealing with the matter, but compensatory payments are not directly linked to the time a person has spent. The error on Santander's part is in failing to correctly update Mr and Mrs G's different addresses. That caused correspondence to be sent to the wrong address and caused some delay. It was not however responsible for the entirety of the delay which I have found to be some 6 weeks. Accordingly, I do feel that the offer of £150 is too low and should be increased to £400. I recognise that Santander UK Plc have already paid pay Mr G's solicitor's costs of £592.28, which I do not disturb. Had it not been paid then I would certainly have said it be so.

My final decision

My final decision is that Santander UK Plc shall;

- (a) calculate, and pay to Mr and Mrs G the additional cost to them as a result of having to pay their mortgage at the SVR rate between 26 February 2022 and 11 April 2022
- (b) pay interest at the rate of 8% on the sum calculated at para (a) above from 26 February 2022
- (c) pay Mr and Mrs G £400 for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 25 June 2023.

Jonathan Willis
Ombudsman