

The complaint

Miss A and Mr E have complained that Santander UK Plc declined their request for a new mortgage interest rate product.

What happened

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Miss A and Mr E being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision.

Miss A and Mr E have a mortgage with Santander taken out in 2020. It was on a fixed interest rate product which expired in December 2022. When the interest rate product came to an end Miss A and Mr E applied for a product switch. This was declined by Santander on 19 July 2023. The bank has confirmed to Miss A and Mr E that the mortgage will remain on the follow-on rate of 3.25% above Bank of England Base Rate for the remainder of the mortgage term, or until earlier redemption.

Miss A and Mr E complained to Santander, which acknowledged that it had taken longer than expected to review the application. As a result, Santander paid compensation totalling £200 for the delay.

The complaint was raised with our service. An Investigator looked at what had happened. He was satisfied that the £200 compensation was fair for the delay, but thought Santander had given fair consideration to the application before declining it.

Miss A and Mr E 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.

Santander is entitled to set its own lending criteria. Decisions that Santander makes in respect of what those criteria are, its attitude to risk involved in this particular lending assessment, and whether it should lend and if so, on what terms are clearly discretionary matters for Santander's own commercial judgement that I would not interfere with.

I'm satisfied that Santander reached its decision fairly, after taking into account all relevant factors, including the specific circumstances of the borrowers. Given this, I'm satisfied that Santander gave fair consideration to the request for a product switch and, having done so, was entitled to decline the request.

I am satisfied that Santander legitimately exercised its commercial judgement when deciding the terms upon which it would lend to Miss A and Mr E. This means that there is no basis

upon which I can find that Santander has treated Miss A and Mr E unfairly or unreasonably in its decision not to offer them a new interest rate product. Miss A and Mr E are free to apply to re-mortgage to another lender should they choose to do so, as there is no early repayment charge applicable to the mortgage.

Santander has acknowledged that it took some time to give Miss A and Mr E its decision, and I'm satisfied the £200 compensation it has paid for this is fair and reasonable in all the circumstances. I do not require Santander to do anything further.

My final decision

My final decision is that I don't uphold this complaint.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A and Mr E to accept or reject my decision before 18 March 2024.

Jan O'Leary
Ombudsman