

The complaint

Mr H complains that when he asked Santander UK Plc for a very short extension to his mortgage offer, it said no. Then it issued the offer extension he wanted, but almost straight away told him this was a mistake. Mr H wanted Santander to honour the extended offer.

What happened

Mr H told us that he was purchasing a new-build property, and in April 2022 he'd secured a mortgage offer from Santander. Santander had offered to lend Mr H £140,300, at 2.24% interest fixed until July 2027. This mortgage offer was due to expire on 30 September, but closer to that time, Santander told him that it was offering a blanket extension of one month, to run to 30 October. Santander offered this extension to all its customers, because of market conditions at the time.

Mr H said 30 October 2022 was a Sunday, so that meant to meet the mortgage offer deadline, he needed to complete his purchase the Friday before this. And Mr H said those involved pulled out all the stops to meet this revised deadline, but completion wasn't possible, because the solicitor didn't have sight of one last document, a building warranty.

Mr H said both his solicitor and his broker asked Santander to grant a very short extension to allow the purchase to complete. Mr H said although his solicitor didn't have this document on Friday night, she did have it by Monday morning, so an extension of just a day would have been enough. But he said Santander refused. So his solicitor had to send the money back.

Mr H still wanted to go ahead with his purchase, but he said he had to reapply for a new mortgage. And mortgage rates had risen, so he would be paying much more.

Mr H's broker hurried to reapply for a mortgage for him. Unfortunately, the best rate he could secure with Santander was much higher, at 5.49% fixed until February 2028. And Mr H said Santander had also decided to lend him less, even though he'd had a substantial pay rise in the meantime. It would only offer a mortgage of £132,249. Mr H said he couldn't afford the extra deposit himself, and was only able to go ahead because a family member could gift him the extra money.

Then, just over a week after his solicitor had sent the money back, Mr H's broker told Mr H that on 3 November Santander had issued an extension to his old offer anyway, at the old rate, valid only until 14 November. Mr H said his solicitor restarted work urgently to complete within this period, but then Santander said this had been issued in error, and it wouldn't honour the offer. Mr H said he'd read the offer, it only allowed for the offer to be withdrawn in specific circumstances, and none of those applied here.

Mr H said he'd contacted Santander, complaining about 1) the refusal to grant a short extension, 2) the withdrawal of the extension that was then granted, and 3) delays to the issue of a new offer, after this, because of new affordability checks Santander claimed it needed to do because of new information it received, which Mr H said Santander had from the outset. But Mr H said Santander had only replied to the second of these three concerns. It offered him £150, but Mr H said he was over £21,000 worse off because of what

Santander had done. He wanted it to honour its original offer.

Mr H said that, to make matters worse, he'd heard since of someone else who was taking out a new mortgage with Santander, who did get an extension to their offer.

Santander didn't think it had done anything wrong. It said it had released the money for Mr H's mortgage, in line with the first offer, on 28 October. It was Mr H's solicitors who then said completion wasn't possible and the money had to be returned.

Santander said it wouldn't extend Mr H's offer past 30 October 2022 unless it could identify errors Santander itself had made, which prevented the mortgage from completing on time. That just wasn't what had happened here.

Santander said it was sorry that it had then issued an extended offer by mistake. It said this hadn't delayed its work on Mr H's new offer, but it said this mistake shouldn't have happened, and it understood this would have been upsetting for Mr H. Santander wanted to pay Mr H £150 to say sorry for that.

Our investigator didn't think this complaint should be upheld. She said that Santander had explained the very limited circumstances in which it will extend an expired offer, and that wasn't what happened here.

She said she understood Mr H's frustrations, but she couldn't say it was unfair for Santander not to extend the offer further, or to have originally extended to a date on a weekend. And she said Santander didn't do anything wrong by completing further checks when there were changes to Mr H's application.

Our investigator said Santander did make a mistake in sending out an extended offer on 3 November 2022. She accepted this must have caused confusion and disappointment. But she thought Santander had made a fair offer, so she wouldn't ask it to do more than that.

Mr H replied to disagree. He said the distress caused to him, the inconvenience, and how this wrongly issued offer affected matters with his solicitor and estate agent, warranted significantly more than the £150 offered. Because no agreement was reached, this case was then passed to me for a final decision. And I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it in part. This is what I said then:

Having reviewed the documentation which Santander has shared with us, I do think all parties worked hard to try to ensure Mr H's property purchase completed by 28 October, before his first mortgage offer expired. I can see Mr H's solicitors contacted Santander on 13 October, to say that given the urgency of this matter, they were sending through the certificate of title, even though they hadn't yet had sight of the building warranty for his new build home. But his solicitors said then that they would not complete the transaction without having sight of these. And Santander agreed to proceed on this basis.

Unfortunately, Mr H told us that his solicitors didn't get this warranty on 28 October, so they weren't able to complete his purchase within the deadline for his first offer. I don't think that was Santander's fault.

Mr H then asked for a short extension. Santander said no, but Mr H said Santander had said yes to other people. I think Santander has set out for Mr H the very limited circumstances in which it will extend an offer, and those just didn't apply to him. So I don't think Santander had to extend his offer.

But Mr H said Santander did extend. It sent him a new offer. Then it withdrew this, although none of the circumstances which allow it to do so were actually triggered here.

I realise this must have been very upsetting for Mr H, and I'll return to that below. I think, here, that Mr H already knew Santander had turned down his request to extend. And Santander does seem to have corrected its initial mistake quickly. I know Mr H wanted Santander to honour this offer, but I'm sorry to have to tell him that I don't think, just because this offer was issued, means that Santander has to honour the offer.

I think that I need to consider two possible effects of this mistaken issue by Santander of an extension to Mr H's first mortgage offer.

Firstly, I think this mistake further upset Mr H, at what would already have been a very stressful time. For that, I think that Santander should pay a little more compensation. I think it should pay £300 for what went wrong here.

Secondly, it's possible that this led to some wasted solicitors costs, which Mr H would otherwise not have incurred. I don't currently think that's what's most likely to have happened here, because it seems likely that most of the work to complete Mr H's purchase had already been done, before this mistake was made.

But if Mr H can provide evidence from his solicitors of charges or fees he incurred, solely because Santander issued an offer on 3 November which it then quickly withdrew, and if his solicitors can confirm that these are costs which Mr H only incurred because of that mistake, then I would consider asking Santander to cover those costs. I invite Mr H to send evidence of this, if he wishes.

Once Santander had withdrawn its extension to Mr H's first offer, it then completed work on a second offer. Mr H said that there were delays here, because he said Santander had to carry out a fresh affordability check, after the second offer was issued, when it realised he would have to pay service charges for his new property.

I would expect Santander to carry out a fresh affordability check before issuing Mr H's second offer. And I understand that it decided then it could only lend him a little less than it initially offered. I think that's likely to have been simply because the cost of Mr H's mortgage, as well as the cost of living generally, had unfortunately risen since the first offer was made. I don't think that's unreasonable or unfair.

I can also see, on Santander's internal notes, that it accepted it hadn't considered the service charge when it issued Mr H's second mortgage offer, and it said that this could affect the lending. I can see it didn't actually end up affecting Santander's decision to lend, and I think this was resolved quickly. But I do think this was an oversight by Santander. And it must have been distressing for Mr H, who was trying to prevent his purchase from falling through altogether, to find that he might lose another offer, through no fault of his own. So I think Santander should also pay £150 in compensation for the stress this mistake caused.

I will consider any further information or evidence that either side wants to supply before I finalise my decision. And I draw Mr H's attention in particular to the comments I made

above on solicitors costs. However, on the evidence I've seen to date, I currently think a payment of £450 would provide a fair and reasonable outcome to this complaint.

I know Santander previously made an offer in this case. It doesn't look as if that has been paid. But just in case Mr H has accepted that offer more recently, I'll allow Santander to count towards this award, any payment it has already made for this complaint.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

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.

Mr H acknowledged receipt of my provisional decision, and said he had nothing to add. Santander also replied, to say it accepted the decision. It said no payment had been made to Mr H for this complaint previously, so it would pay £450 now.

Neither side has offered any further evidence or argument, and I haven't changed my mind. I'll now make the decision I originally proposed.

My final decision

My final decision is that Santander UK Plc must pay Mr H £450 in compensation. Santander UK Plc can count towards that amount, any money it has already paid Mr H for this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 8 November 2023.

Esther Absalom-Gough

Ombudsman