

The complaint

Mr W complains that Santander UK Plc unfairly delayed his re-mortgage application and he's lost out as a result.

What happened

Mr W contacted Santander by phone on 16 February 2022 to make an application to re-mortgage his property. The application was completed with an offer made on 30 May 2022 and it completed on 21 September 2022.

Santander has not disputed that delays were added to the process and that these were caused by its underwriter as well as delays with the solicitor dealing with the mortgage. It initially offered Mr W £500 in recognition of the impact these delays.

Mr W did not accept this offer and explained the impact of the delays on him. He'd made the re-mortgage application with a view to completing building works on his property and said the result of the funds being delayed meant he's now unable to afford to complete the works as materials have increased which has impacted the costs of the quotes he's received.

Santander looked at the complaint again and said it realised it had also charged Mr W interest on the mortgage before the funds had been released to him. And by this point the solicitor had also considered the complaint and recognised it had added delays. In total Santander said it would increase its offer to £700 together with a further £150 from the solicitor taking the total offer to £850.

Mr W didn't accept this offer and asked us to consider the complaint and what was a fair outcome.

Our investigator looked at this complaint and they said they were persuaded that but for errors made with the mortgage application and time it took for this to complete, that Mr W had lost out. She'd been provided 3 quotes from Mr W supplied by the same tradesman who Mr W wanted to use to complete the works on his property. These quotes didn't differ in terms of what was being supplied and offered, but each quote was from a different point in time and had increased in price as time had gone on. Mr W said this was because of the cost of materials increasing.

He provided a quote from 1 July 2022 which showed the quote to cost £64,800 including VAT and this represented what he expected to pay had the mortgage completed when expected in July 2022. He then provided a later quote to show this cost had increased by 31 August 2022 to £78,300 with VAT included.

Our investigator said that she felt it was fair to expect Santander to cover the difference in cost that Mr W is now facing for his building work to be completed. She also said that the offer made of £850 for the distress and inconvenience was fair and reasonable.

Mr W accepted this recommendation but Santander did not. It said it didn't believe the increase in price that had been quoted was fair and a reflection of the wider market over

such a short period of time and so it couldn't agree to cover the additional costs.

Our investigator looked at the complaint again but their opinion remained unchanged so the complaint has been passed to me for decision.

Mr W highlighted that the quoted cost of the works has continued to increase and as a result, he now expects Santander to cover all additional costs he may incur for this compared to what he would have paid in July 2022.

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 decided to uphold this complaint in line with our investigator's opinion and will explain why I think it is fair for Santander to compensate Mr W if his planned building works are now more expensive than what he expected to pay based on the quote provided from July 2022.

Material costs, like anything can fluctuate and it is accepted that from 2020 onwards, there was a general spike in the cost of all building trades. So I accept it is likely that Mr W may have been impacted by a delay with his re-mortgage being completed and this adding to the costs. Mr W has provided a number of quotes from the same supplier, there has been no difference set out in relation to the materials or what was expected to be completed. And while I accept that Mr W could shop around and look for a different supplier to complete the work, he's been consistent in demonstrating this is who he'd planned to use for the work with previous quotes being provided from before the mortgage application was started. And he is entitled to choose who completes the work on his property.

However, Mr W has not yet started the work he said he intended to do with the mortgage funds. I appreciate this is because he has been unable to fund the total cost of the work with the difference in price to what he was originally expecting to pay and the revised quote provided before the funds were released. But he has not yet incurred a financial loss as the total cost of the works and whether this is more or less than the previous quote isn't confirmed. So although I think it is likely the work will cost more based on the quotes provided, Mr W will need to demonstrate there is an actual loss for Santander to be able to put things right. And when the work is started, I would expect an invoice to be provided for Mr W to demonstrate this difference in cost.

It is likely though Mr W would have started the works in July 2022 when he expected the mortgage funds to be available and as such, I think this as the benchmark cost of what Mr W would have paid is fair.

There has clearly been significant inconvenience and distress for Mr W with the delay in his mortgage application and funds being released. He has lost the opportunity to start the works on his property when he hoped and this has continued on with him being unable to do this at a later point as he doesn't believe he has the funds to complete this work. Santander has recognised this and I think it's offer of £700 together with the £150 offered by the solicitor is a fair award in recognition of this.

The recognition of the distress and inconvenience doesn't put Mr W in the position he would have been in had the works been completed. Mr W had told Santander from the start what he intended to use the funds for and I'm persuaded he would have had an expectation in his mind around when he would have been able to complete this work based on the timeframe of the mortgage. It follows that I think it is fair and reasonable Mr W doesn't lose out if he decides to complete the works on his property.

Putting things right

Based on what I've set out above, I think it is fair and reasonable to ask Santander UK Plc to do the following:

- Upon receipt of an invoice for the work completed or due to be completed, Santander should pay Mr W the difference in cost compared to the quoted price in July 2022.
- If it has not already done so, Santander should make payment of the £700 offered by it for the distress and inconvenience experienced as a result of this complaint.

My final decision

For the reasons I've explained above, I uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 22 April 2024.

Thomas Brissenden
Ombudsman