

The complaint

Mr and Mrs K complain that the information Santander UK Plc gave them when switching their mortgage product wasn't clear. As a result, they say they've lost out on being able to switch to a more preferable deal.

What happened

On 13 November 2023 Mr K called Santander to apply for a new interest rate product on his and Mrs K's mortgage. They wanted to switch from the tracker rate they were on, to a fixed rate of 4.89%. They'd looked online already but called Santander to apply as they'd made an overpayment which hadn't yet reduced the balance. During that call the adviser told Mr K that the mortgage would be transferred to the new deal within five working days of Santander receiving the signed paperwork from Mr and Mrs K.

Santander sent Mr and Mrs K the product switch offer the same day. That document said "if you'd like to go ahead with the offer, please complete and return the following to us on or before 27 November 2023. Once you've posted the above, you can ask to change to a different deal or cancel it up to 14 days before your new deal starts. When we've received your paperwork we'll progress your product transfer. We'll send you an email to confirm the date your loan(s) will be transferred to the new product."

Mr and Mrs K signed and returned the acceptance form on 18 November, and it was received and processed by Santander on 21 November. Santander applied the rate to Mr and Mrs K's mortgage the same day.

On 22 November 2023 Mr K called Santander again as he'd noticed a different rate that was available, and he wanted to switch the rate. Santander said the rate couldn't be changed as the new rate had already been applied to the mortgage.

Mr and Mrs K complained. They said Santander had not made clear they wouldn't be able to switch the rate once they'd posted the offer acceptance. They said the information they received stated that they would be able to change their deal up to 14 days before the new one started. There had been no definitions to explain what the "14 days" meant.

Santander said the product conversion paperwork confirmed that following the acceptance being posted, Mr and Mrs K could ask to change to a different deal or cancel it up to 14 days before the new deal starts. They said as the new rate Mr and Mrs K had selected was lower than their existing rate, the rate converted on receipt of the signed acceptance. This was to ensure Mr and Mrs K were not financially impacted by remaining on the higher rate for longer than necessary.

On 29 November Santander wrote to Mr and Mrs K to tell them they had processed the product transfer acceptance and the new deal would start on 21 November 2023.

Mr and Mrs K asked our service to look into things. Our Investigator said that in his view, overall, he didn't think Mr and Mrs K had been treated unfairly.

Mr and Mrs K disagreed. They said Santander had not told them they wouldn't be able to change their deal as soon as they'd put the acceptance letter in the post. They said the cover email for the product switch offer didn't state that the new deal would start on the day acceptance is received. They may have been told during the phone call on 13 November that the deal would start within five days of receipt of the paperwork, but that wasn't stated anywhere on the paperwork itself.

Mr and Mrs K said the Santander 'app' continued to offer mortgage deals to them every day from 21 to 29 November. But those deals weren't actually available. If their deal could have been implemented within five days of receipt, why when they called Santander on 22 November, could it not have been stopped so that Mr and Mrs K could have switched the product? They were also unhappy they received confirmation on 29 November that the new product would be in place from 21 November, after it had already happened. Overall, Mr and Mrs K were not happy with the Investigator's view and asked for the complaint to be passed to an Ombudsman.

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.

Having done so, whilst I appreciate it will come as a disappointment to Mr and Mrs K, I've reached the same outcome as the Investigator. I'll explain why.

Mr K has said that in dealing with his and Mrs K's complaint, he would like our service to focus on the information he and Mrs K were given, and the information they were not given. Mr K says Santander didn't tell them when their new deal would start specifically, and led them to believe they had a period of cooling off (of 14 days) after they posted the acceptance.

I've reviewed the information Santander gave Mr and Mrs K about the product switch both in writing and over the phone. I agree the information could have been clearer, and I would have expected the information to have been tailored to Mr and Mrs K's specific circumstances in order for it to meet their information needs. Whilst the adviser Mr K spoke to on the phone explained that the new rate would be applied within five working days of receipt of the signed paperwork, the paperwork and emails that followed didn't provide that information.

I note Mr and Mrs K would have liked to have been told the specific date their new deal would start. But I don't think it's unreasonable Santander didn't give them that information. That's because once the product transfer documentation had been sent to Mr and Mrs K, they had 14 days to sign it and send it back. Mr and Mrs K's mortgage was on a variable tracker rate before they switched, and that rate didn't have a specific end date. That rate was higher than the new rate Mr and Mrs K had chosen, so to ensure they received the benefit of the new rate as soon as possible, it was applied as soon as the paperwork was received. Santander wouldn't have known when that would be at the time they spoke to Mr and Mrs K, so I'm satisfied it was sufficient to tell them the rate would be applied within five working days of receipt of the paperwork. And I'm also satisfied it was reasonable for Santander to apply the new rate as soon as they were able to, as that reduced the amount of interest Mr and Mrs K were charged on their mortgage.

The wording in the product switch documents that were sent to Mr and Mrs K said that they could ask to change to a different deal or cancel it up to 14 days before the new deal starts. Whilst that information wasn't technically incorrect, I don't think it was helpful to send that to Mr and Mrs K, as they'd already been told the new product would be applied to their

mortgage within five working days of receipt of the paperwork. So they were never going to have that 14 day period to change their minds. I appreciate that was likely standard wording Santander include in all their product switch paperwork, and it would be important and useful information for a borrower whose product switch was due to take place on a set date in the future (and more than 14 days away). But that wasn't the case here, so I think Santander should have tailored this information to reinforce what Mr and Mrs K were told during the phone call earlier that day.

I've thought about what I think is likely to have happened had Santander told Mr and Mrs K in the paperwork that the new product would be applied within five working days of receipt, and they wouldn't be able to make any changes to the product once they'd posted the documents. Having done so, I'm not persuaded it would have made a difference to the actions Mr and Mrs K took.

Mr and Mrs K wanted to switch their product to a lower rate and fix it for five years. During the advice call they said they wanted the certainty of the monthly payment amount, and that product would take them close to their term end date. Whilst Santander's products did change shortly after Mr and Mrs K applied for their new rate, Mr and Mrs K didn't know that was going to happen, and so I don't think having more information about when the new rate would apply would have changed what they applied for, or when they applied. Once Mr and Mrs K received the product switch paperwork from Santander, they promptly signed and returned it. I haven't been made aware of anything that makes me think they would have acted differently had Santander given them clearer information about when the new rate would be applied. Based on the circumstances at the time, it was in Mr and Mrs K's interests for the new rate to start as soon as possible.

Mr K has said that if he knew he wouldn't be able to change the rate after they'd posted the documents, they wouldn't have paid the product fee upfront and they would have waited until the product was finalised and confirmed. I appreciate what Mr K has said, but he would have had to pay the fee before the product switch could have completed, or he would have had to agree to have it added to the mortgage. He wouldn't have been able to make arrangements to pay the fee at a later date. He could have added the product fee to the mortgage, but Mr K said during the phone call with Santander that as he had the money available in his account, he would pay the fee up front. He made that decision before he'd been given any information about when the new rate would be applied, or he received any paperwork that mentioned a cooling off period. So I'm not persuaded he would have acted differently had the paperwork he received after the phone call given clearer information.

I appreciate Mr and Mrs K's frustrations that just days after they agreed a new deal, a different deal became available that they would have preferred. But I'm afraid on balance I'm not satisfied they missed out on switching to the later deal as a result of anything Santander did wrong.

I note Mr and Mrs K's other points about the product information still available on the 'app' after they'd switched, and the confirmation email they received on 29 November which still referred to the 14-day period. Santander should review their communication during the product switch 'journey' to ensure it's clear and tailored for customers where possible, to avoid any confusion.

But overall, having considered all the information and evidence, I'm not satisfied it would be fair and reasonable to require Santander to do anything more to put things right for Mr and Mrs K in the circumstances of their individual complaint.

My final decision

Considering everything, for the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K and Mr K to accept or reject my decision before 2 July 2024.

Kathryn Billings
Ombudsman