

The complaint

Mr O has complained that Santander UK Plc delayed moving his mortgage to a concessionary fixed interest rate and that Santander UK Plc wrongly reported mortgage arrears on his credit file. Mr O has claimed that he suffered a financial loss as a result.

What happened

Mr O telephoned Santander UK plc (Santander) on 11 March 2023 to tell them that he was experiencing some financial difficulty and as a result he wouldn't be able to pay his full monthly mortgage payment.

Santander told Mr O that they could help him to reduce his monthly mortgage payment by moving his mortgage to their assist repayment rate. Santander also told Mr O that they could apply a one-month payment arrangement to help him whilst the assist repayment rate was being put in place. Mr O claims that during this call of 11 March 2023 he was told that the assist repayment rate that would be applied to his mortgage was 4.7%.

Mr O was told during the call by Santander to call them back in early April 2023 so that they could review his mortgage account and look to put a longer payment arrangement in place.

On 16 March 2023 Santander wrote to Mr O to confirm that the payment arrangement had been put in place for him, however the letter didn't tell Mr O how long the payment arrangement would last for.

Santander then wrote to Mr O again on 11 April 2023 to tell him that his payment arrangement had finished and to ask him to contact Santander to review his situation. Mr O telephoned Santander on 13 April 2023 and was told that the assist repayment rate to be applied to his mortgage would be 5.64%.

However, Santander also told Mr O that their records showed an unauthorised letting marker had been in place on Mr O's mortgage account since 2009. Because of this Santander told Mr O that he had to provide them with evidence that he was living at the mortgaged property before the assist repayment rate could be applied to his mortgage account.

Mr O sent the evidence that Santander had asked for on 21 April 2023, but Santander didn't apply this evidence to Mr O's mortgage account. Mr O sent the evidence again and Santander confirmed that they received this on 31 May 2023. But when Mr O telephoned Santander on 4 July he was told that the evidence hadn't been received and as a result the assist repayment rate couldn't be booked for him.

On 24 July 2023 Santander told Mr O that an assist repayment rate had been applied to his mortgage. Santander said that the assist repayment rate would be 6.34% and that this would run from 20 July 2023 until 2 August 2024.

Mr O complained to Santander as he was unhappy with the assist repayment rate that had been applied, as he thought this should be 4.7%. Mr O also thought that Santander's actions had damaged his credit rating, resulting in credit limits being reduced by third parties.

On 17 August 2023 Santander issued their response to Mr O's complaint. Santander admitted that they had received evidence from Mr O to prove that he was living at the mortgaged property, but this had not been applied to his mortgage account when he'd telephoned Santander on 4 July 2023. Santander said that as a result they would backdate the start of the assist repayment rate to 4 July 2023 and that they'd credit the difference in the interest paid to Mr O's mortgage account. Santander also said that they'd pay Mr O £350 compensation for the inconvenience he'd suffered.

Mr O wasn't happy with Santander's response. Mr O said that because of Santander's actions his credit rating had been reduced and this had impacted on other loan and credit arrangements that Mr O had in place. Mr O also maintained that he'd originally been offered an assist repayment rate of 4.7% when he telephoned Santander on 11 March 2023 and Mr O thought that this rate should be applied to his mortgage account.

Santander sent a further response to Mr O's complaint on 27 November 2023. In this response Santander said that the original assist repayment rate offered to Mr O was 5.64%. Santander also said that they'd back date this rate and offered Mr O further compensation of £250, so total compensation of £600 including the £350 they'd already offered.

Mr O was still unhappy with Santander's response, so he brought his complaint to the Financial Ombudsman Service. One of our Investigators reviewed Mr O's complaint. Whilst the complaint was being reviewed by our Investigator, Santander contacted this Service to say that they would backdate the assist repayment rate of 5.64% to 13 April 2023 and would credit the difference in interest paid to Mr O's mortgage account. Santander also said that they would update Mr O credit file accordingly.

Mr O didn't accept this updated offer, so our Investigator continued to review his complaint. Their view was that Mr O's complaint should be upheld and that to put things right for Mr O Santander should do the following:

- Backdate the assist rate of 5.64% to 13 April 2023, crediting Mr O's mortgage account with the difference in payments and any associated interest.
- Amend Mr O's credit file to show that he was in a payment arrangement for the months of May and June 2023.
- Review Mr O's mortgage account from July 2023 to see if they could provide him with a further payment arrangement whilst his mortgage account remained in arrears. And if they could, they should so and amend his credit file to reflect that.

Our Investigator also said that they thought Santander's offer of £600 compensation for the distress and inconvenience that Mr O had suffered was fair and reasonable.

Santander said that they accepted our Investigator's view, but Mr O has rejected the view. Mr O has said that the compensation offer of £600 doesn't reflect the damage that he claimed Santander had caused to his credit rating or the impact that Santander's actions have had upon his mental and physical wellbeing.

Mr O therefore asked for his complaint to be considered by 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.

I've listened carefully to the telephone conversations that Mr O had with Santander on 11 March 2023 and 13 April 2023.

During the call of 11 March 2023 Mr O is told by Santander that they will be able to consider moving his mortgage from their standard variable rate of interest to an assist rate. However, at no time during the call is Mr O told that this new assist rate will be 4.7%, as Mr O has claimed.

Mr O is also told during this call about the arrears on his mortgage account and that these arrears will have an impact on his credit file. Mr O questions this, saying that he doesn't think this should happen as he has contacted Santander to tell them about his financial position. However, Santander repeat to Mr O that his credit file will be impacted by his mortgage arrears.

Santander also tell Mr O that a payment arrangement will be put in place for him for one month whilst the assist rate is set up for him. Mr O says that he wants the payment arrangement to run for a longer period but is again told that this will only run for one month and that he needs to call Santander back on 7 April.

Mr O did call Santander back on 13 April 2023. During this call Mr O says that he was told on 11 March 2023 that he would be moving to an assist rate of 4.7%, but as I've said above, I don't think this is right. Mr O is told by Santander during this call that his mortgage is still on their standard variable rate of 7.25% and that the assist rate that he could move to will be 5.64%.

Mr O was told by Santander that he needed to provide evidence to show that he was living at the mortgaged property. Mr O sent this information to Santander on 21 April 2023, but this information was not applied to Mr O's mortgage account. Santander has admitted their error and have said that they will backdate the assist repayment rate of 5.64 % to 13 April 2023 and would credit the difference in interest paid to Mr O's mortgage account. I think this is reasonable.

Santander also said that they will clear Mr O's credit file from May 2023 to September 2023 to show that he was in an arrangement for the period in which his mortgage account was showing as arrears. Again, I think this is reasonable.

Mr O has said that Santander's actions have adversely impacted his credit rating and has given examples of other credit limits being reduced and of loans being refused. However, I've not seen any evidence to show that the reductions in Mr O's credit limits were a direct result of any action taken by Santander. Mr O was also told by Santander a number of times during his telephone call of 11 March 2023 that his mortgage arrears would impact his credit rating. I therefore don't think it would be reasonable to hold Santander responsible for any changes that have been made to Mr O's credit limits held with third parties.

In addition to the above action Santander has offered Mr O compensation of £600 for the distress and inconvenience he has suffered. Mr O has rejected this offer, saying that this amount doesn't fully reflect the impact that Santander's actions have had upon his mental and physical wellbeing.

I've therefore carefully considered all of Mr O's comments about the impact Santander's actions have had on him, and the level of compensation that Santander has offered. In doing so I do recognise how Mr O has been affected by Santander's actions and have not underestimated this.

I do think that Santander's mistakes have caused distress and inconvenience to Mr O. However, I think it reasonable to conclude that Santander's mistake has caused Mr O considerable distress, upset and worry as well as significant inconvenience and disruption that has needed extra effort to sort out. I also think that the impact of Santander's mistake lasted over many weeks and months.

Taking this into account, I think that Santander's compensation offer of £600 falls in this Service's award band for the level of distress and inconvenience that I believe Mr O has suffered, and I therefore conclude that Santander's compensation offer is fair and reasonable, taking into account all of the circumstances of this case.

As I've set out above, Santander did make mistakes when dealing with Mr O's mortgage account. I've therefore decided that Mr O's complaint against Santander should be upheld and will now set out details on the actions that Santander should now take to put things right for Mr O.

Putting things right

To put things right for Mr O, Santander should now take the following actions:

- Backdate the assist rate of 5.64% to 13 April 2023, crediting Mr O's mortgage account with the difference in payments and any associated interest.
- Santander has agreed to amend Mr O's credit file to show that he was in a payment arrangement from May 2023 to September 2023. They should therefore now do this, if they haven't already done so.
- Santander should now pay Mr O £600 in compensation for the distress and inconvenience that he's suffered if they haven't already done so.

My final decision

My final decision is that I uphold Mr O's complaint against Santander UK Plc and that Santander UK Plc should now put things right for Mr O as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 9 July 2024.

Ian Barton
Ombudsman