

## The complaint

Mrs C complains that Santander UK Plc told her she could cancel a new fixed interest rate deal which was about to be applied to her mortgage, then applied it anyway. Mrs C said she needs to go elsewhere for lending, and Santander's actions have cost her a lot of money.

## What happened

Mrs C told us that in September 2023 she'd accepted a new deal on a Buy To Let ("BTL") mortgage she has with Santander, but then changed her mind. On 25 October, she called Santander and said she wanted to cancel. She said Santander told her this was fine, and she would just pay its Standard Variable Rate ("SVR") after her existing deal finished, at the end of October. But then she got a letter dated 3 November which told her that the new rate had been applied anyway.

Mrs C then contacted Santander, and it told her that her new mortgage deal couldn't be cancelled, regardless of what it had said earlier. Mrs C said Santander apologised, and offered her £100. Mrs C said she refused that offer, because she had already accepted a different mortgage offer which she was processing, and that came with costs. Mrs C said Santander had given her wrong information, and she'd used that to make her decision to take lending elsewhere.

Mrs C said she wanted to change lenders because Santander does not offer any extra borrowing on BTL mortgages. Mrs C told us her property had been damaged by the tenants and would be costly to repair so she was looking for lenders willing to offer extra borrowing on a BTL mortgage.

Mrs C said Santander was now saying it would charge her to cancel the mortgage deal she was on, and she said that left her with no good options. She said she was going to lose money either way. She just wanted Santander to do what it had said it would do, and cancel her fixed interest rate deal.

Santander sent us Mrs C's mortgage offer, dated 9 September 2023. The offer said this -

*When you accept the offer, you won't be able to change your mind and cancel the contract unless you're booking a replacement deal with Santander, You must ask for this at least 14 days before the confirmed start date.*

The offer is also clear that if Mrs C accepts it, then redeems this mortgage before 2 January 2029, she will have to pay an Early Repayment Charge ("ERC").

Santander accepted that it made a mistake on a call with Mrs C on 25 October. It had told her then that she could cancel her upcoming new mortgage deal, and she was already too late to do that. Santander said its advisor had realised the mistake, and tried to call Mrs C right back, but couldn't get through. Santander offered Mrs C £100 in compensation, to make up for its mistake.

When this case came to our service, Santander also said that it would consider paying any

costs that Mrs C had incurred between 25 October and 3 November 2023.

Our investigator didn't think this complaint should be upheld. She said Santander accepted it had made a mistake, but Mrs C was committed to this mortgage deal by the time she asked to cancel. So our investigator didn't think Santander had to cancel this deal for Mrs C now. She said that a payment of £100 would be fair to make up for what had gone wrong.

Our investigator also said that if Mrs C wanted to submit any evidence of costs for Santander's consideration, she could do so. Mrs C then sent further evidence, but Santander said it wouldn't pay. It said all of the costs involved were incurred when Mrs C decided to go ahead with a remortgage elsewhere. And Santander thought that happened after her new rate had started on 3 November. Santander said the invoices supplied appeared to be costs that would always have occurred as part of the remortgage. And Santander said Mrs C had decided to remortgage elsewhere because she wanted to raise further funds, not because of any mistake it made.

Mrs C said she thought Santander was trying to avoid paying the costs she'd incurred. She said those costs are always paid after the process has begun. She also said the dates Santander had quoted weren't the dates she'd called either, and she could prove this. Mrs C still thought Santander should cover her costs.

Because no agreement was reached, this case then came 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 not propose to uphold it. This is what I said then:

I think the offer Santander sent to Mrs C, and which she then accepted, was clear that it couldn't be cancelled or changed when she was less than 14 days from the start date. And I also think that offer was clear that if Mrs C redeemed the mortgage before 2 January 2029, she would need to pay an ERC on the mortgage.

Santander accepts it made a mistake in this case, when it told Mrs C that she could cancel her mortgage. It has shown our service notes which suggest it spoke to Mrs C on 25 October, when Mrs C was already too late to change the deal she had entered into.

So Santander gave Miss C wrong advice on 25 October. It did then apply Mrs C's new rate on 3 November. By the end of November it had explained to her that a mistake had been made, and that it wouldn't cancel her rate after all.

I don't think that the mistake Santander made, means it has to cancel this rate now.

Mrs C said she relied on what Santander said, about being able to cancel her rate, when she planned to move her mortgage elsewhere. She said the £100 Santander offered won't cover the costs she incurred in setting up a new mortgage, or the ERC she would have to pay if mortgage was redeemed.

Mrs C has also told us she needed to move her mortgage to a new provider, because her tenant had damaged the property, and she needed to raise some funds for repairs. Santander doesn't offer additional lending on BTL mortgages. So it looks as if Mrs C would always have had to source some other mortgage lending, elsewhere.

Santander initially offered £100 in compensation for this mistake. When the case came to our service, Santander said it would also consider covering any costs Mrs C had incurred between the time that she'd been misadvised, on 25 October and the date Santander wrote to her telling her that her new rate had been applied, on 3 November.

Mrs C sent us details of costs she said she had incurred. But all of these appear to be after the start of December 2023. Santander said it wouldn't pay those costs.

Mrs C said Santander knew costs were paid after the event, and the dates it was quoting were wrong anyway. Mrs C said she could evidence this but she hasn't sent us that evidence. Mrs C can send further documents in response to this provisional decision, if she wishes to.

However, on the evidence I've seen to date, I don't think Santander does have to pay any of the additional costs that Mrs C has shown us, or to waive the ERC in this case. That's because Santander made a mistake on 25 October, and corrected it in November 2023. I appreciate that costs are usually paid after the event. But I haven't been able to see that Mrs C had made any commitment to move her mortgage to a different provider, or incurred any of the costs involved in doing that, before Santander had corrected its mistake.

If Mrs C made a commitment to move her mortgage elsewhere, or incurred any costs associated with doing that, after Santander had corrected the previous mistake it made, then I don't think it would be fair and reasonable to ask Santander to cover those costs.

On the evidence I've seen so far, I think that Santander's offer of £100 does provide a fair and reasonable outcome to this complaint. So, unless further evidence changes my mind, that's what I propose to award.

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

### **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.

Mrs C didn't reply to my provisional decision.

Santander replied to say it agreed with the provisional decision. And it said its offer to pay a limited amount of costs was because it believed it would only be responsible for any costs incurred between when the mistake was made and when Mrs C was made aware of it. So it would only pay costs that couldn't have been cancelled when Santander alerted Mrs C to its mistake on 3 November 2023. But Santander said it agreed with my conclusion that the only costs evidence provided to date was for things Mrs C appeared to have agreed to after she was aware of Santander's mistake.

I should note that my provisional decision doesn't endorse Santander's view that it isn't responsible for any costs incurred after 3 November, when the new mortgage deal started on Mrs C's account. But we currently don't have evidence that costs were incurred before December 2023. And by that time, Santander had clearly explained to Mrs C that it had made a mistake. So my overall conclusion on this case hasn't changed. I'll now make the decision I originally proposed.

**My final decision**

My final decision is that Santander UK Plc must pay Mrs C the sum of £100 in compensation that it previously offered, unless it has already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 4 July 2024.

Esther Absalom-Gough  
**Ombudsman**