

The complaint

Mr P and Miss R complain about the way Santander UK Plc dealt with a request to transfer their joint mortgage into Mr P's sole name. Mr P and his representative have dealt with the complaint. Mr P asks that Santander transfers the mortgage into his sole name.

What happened

Mr P and Miss R took out a joint mortgage with Santander in 2020. They've since separated. Mr P says he made all the monthly mortgage payments. Miss R wants to be removed from the mortgage account. In mid-2023 Mr P asked Santander to transfer the mortgage into his sole name.

Santander declined to transfer the mortgage into Mr P's sole name. Mr P says his home is at risk as Miss R is pushing for the sale of the property so that she's no longer on the mortgage account.

Mr P says he repaid a loan and credit cards after Santander told him this would make the mortgage affordable, and that it could proceed on the basis of the income evidence he could provide.

Santander said it had given incorrect information about what evidence Mr P would need to provide regarding his income. It offered compensation of £200. Santander said it hadn't told Mr P to repay his unsecured debts, and its decision not to transfer the mortgage into Mr P's name was correct.

Our investigator said Santander hadn't done enough to put matters right. He said Santander should look again at the request to transfer the account into Mr P's sole name and pay compensation of £400 for the inconvenience caused.

Santander agreed. Mr P didn't agree and asked that an ombudsman re-consider the complaint.

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.

The request to transfer the mortgage into Mr P's sole name

Santander offered the mortgage jointly to Mr P and Miss R. Although Mr P makes mortgage payments, Mr P and Miss R have joint and several liability for the mortgage debt. That means, if Mr P didn't maintain payments, Santander could ask Miss R for payment. It would not be able to do so if the mortgage is transferred into Mr P's sole name. I think it's fair and reasonable for Santander to assess whether a loan to Mr P alone meets its lending criteria.

In addition, rules on mortgage regulation require lenders to check affordability before agreeing to offer or vary a mortgage. Mr P and Miss R want to vary the mortgage by transferring it into Mr P's sole name. So Santander needs to carry out an affordability check.

Taking this into account, I think it's reasonable for Santander to ask Mr P to provide documents and information so that it can assess whether a mortgage in Mr P's sole name is affordable and meets its lending criteria.

Advice to repay a loan and credit cards

Mr P and his broker contacted Santander about the application to transfer the mortgage into Mr P's sole name at the end of August 2023. I've listened to this call. Santander said based on the information provided by Mr P the mortgage wasn't affordable.

Mr P's broker asked Santander if the mortgage would be affordable if Mr P cleared his loan. Santander said the mortgage showed as affordable without the loan and credit card debts.

Santander said it would hold the application open for 28 days. Mr P contacted Santander in October 2023, after he'd repaid his unsecured debts. This was more than 28 days later, meaning his application had closed. Mr P had to start a new application for the mortgage to be transferred into his sole name. I don't think Santander made an error when it closed the application after 28 days. And this wasn't the reason it didn't proceed with Mr P's application – that was because of the evidence it asked for about Mr P's income.

Information about evidence of self-employed income.

Santander failed to give Mr P and his broker correct and consistent information about the evidence he'd need to provide regarding his self-employed income. In mid-August 2023 Santander said Mr P would need to provide evidence of two years self-employed income. Santander told Mr P at the end of August 2023 it could proceed with the application despite him not having one-year's self-employed accounts. In October 2023, after Mr P had repaid his loan and credit cards, Santander said Mr P needed to provide one year's self-employed accounts.

Mr P had been employed for part of the year and self-employed for part of the year. So he couldn't provide one year's self-employed accounts.

After the complaint came to us, Santander said it might have been able to review Mr P's application if he'd been able to provide sufficient evidence of his employed and self-employed income. It offered to review the application again.

What errors did Santander make – and what were the consequences?

Santander didn't tell Mr P to repay his unsecured debts, or give advice that he should do so. But I think that Mr P repaid his debts in the reasonable expectation that Santander would proceed with his application based on the income evidence he had available.

This was money Mr P owed, so in that sense repaying the debts didn't cause him any loss. Mr P told Santander he only had one credit card which he repaid in full each month, so most likely he'd have paid this anyway. However, he did have a loan which he repaid early. Mr P hasn't said that repaying the loan at this time resulted in a financial loss – for instance that he paid a fee for repaying it early. But this must have been at the least inconvenient. Mr P says it took longer than 28 days to repay the loan as he had to find a substantial amount of money.

Santander didn't proceed with Mr P's application in late 2023 or consider whether it had sufficient income evidence to do so. This caused a delay in Mr P's application being fairly reviewed. That's not to say that Santander should have agreed to transfer the mortgage into Mr P's sole name in late 2023. Only that it should have reviewed his application fairly before

giving him a decision.

Putting things right

Santander agreed to pay £400 for the inconvenience its errors caused. I think this is fair and reasonable in the circumstances.

I appreciate Mr P's frustration, and that he's been making mortgage payments throughout. But, as I said, it's reasonable for Santander to assess whether transferring the mortgage into Mr P's sole name is affordable and within its lending criteria. I can't fairly require Santander to transfer the mortgage into Mr P's sole name. I think what it should do is re-consider his application.

Santander has agreed to look into Mr P's application again. It's been some time since the events that led to this complaint. It's possible that Mr P's circumstances have changed – his representative says he's had to take time off work due to an injury. Mr P will need to provide up to date information and documents as requested by Santander to support his application. I'd expect Santander to review Mr P's application fairly.

Mr P was taking advice from a broker in 2023. I don't know if this was limited to the application to Santander or if he discussed what other options might be available. For instance, if he'd be able to re-mortgage in his sole name with another lender. Mr P might consider asking the broker for advice if his application to Santander isn't successful.

My final decision

My decision is that I uphold this complaint. I order Santander UK Plc to pay £400 to Mr P and re-consider his application for the mortgage to be transferred into his sole name.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Miss R to accept or reject my decision before 9 October 2024.

Ruth Stevenson
Ombudsman