

## **The complaint**

Mr and Mrs P's complaint relates to their mortgage with Santander UK Plc. The complaint is that they took a repayment mortgage in 1989 over 20 years, but Santander has subsequently told them it was converted to an interest-only basis and so was not paid off. They believe Santander acted fraudulently and they didn't owe any money at the end of the term of the original advance.

Mr and Mrs P also raised concerns about the contradictory information they were given about their mortgage in late 2020 onwards and the behaviour of a particular member of Santander's staff in discussing their mortgage with their daughter and 'forcing' them to sign a new agreement in early 2021.

## **What happened**

In 1989 Mr and Mrs P re-mortgaged their home to Santander. They borrowed a total of £75,939.75 over a term of 20 years on a repayment basis. The mortgage was split into two sub-accounts of £32,000 and £43,393.75, due to the amounts being used for different purpose – repaying the existing mortgage and the other releasing additional funds. The account number contained the numbers 9735 and ended with the first three letters of Mr and Mrs P's surname. The mortgage would have been due to be repaid at the end of 2009. Mr and Mrs P took a further advance of £3,000 in March 1990, again on a repayment basis.

In 1992 Santander changed its mortgage system and Mr and Mrs P's account was given a new mortgage number ending in 7359. In 2005 Mr and Mrs P wanted to borrow more money and they applied for a re-mortgage to facilitate this. The re-mortgage application form they completed at that time detailed that they had an existing repayment mortgage with Santander (account ending 7359) which had an outstanding balance of £75,023.81 and a remaining term of just under 21 years – to be repaid in 2026. In addition, they had a secured second charge loan of approximately £18,000 with Santander.

The new mortgage, account number ending in 9698, started in 2005 and was for £125,023.81. It was made up of two sub-accounts; one for the £50,000 new borrowing that Mr and Mrs P had asked for, which was to be repaid over ten years on a repayment basis. The sub-second account was for £75,107 – the amount owed on the existing mortgage - on a repayment basis, over the remaining term of the existing mortgage of 20 years and 9 months.

In November 2007 the mortgage was converted to an interest-only basis. The amount owing on the first loan account was £40,839.53 and the balance of the second was £70,883.65.

There was also an overdue amount outstanding of £2,156.73. This overdue amount was capitalised to the mortgage and became a third sub-account. In 2015 the term of the sub-account for additional borrowing from 2005 ended, but Mr and Mrs P didn't repay it. Subsequently, Santander decided to take action to repossess Mr and Mrs P's property.

In 2019 Mr and Mrs P referred a complaint to this Service. They told us that the mortgage had been arranged on a repayment basis and so should have been repaid by the end of the

20-year term, but Santander had told them it was on an interest-only basis and they were in arrears. Mr and Mrs P said they were unaware of the change to an interest-only basis. Mr and Mrs P also complained about the legal action Santander was taking.

One of my Ombudsman colleagues issued a decision in June 2020, which stated that we couldn't consider the core of the complaint, as Mr and Mrs P had referred it to us more than six months after the final response letters in which the matter of the mortgage being on an interest-only basis had been issued – April and June 2015. The only issue my colleague found we could consider the merits of related to the then current legal action Santander was undertaking. That complaint was considered by another of my colleagues in September 2020, but it was not upheld.

Santander's contact notes show that there were numerous telephone discussions with Mrs P in November 2020. The record of the conversations are brief, and we don't have recordings off all the relevant calls, but it appears that the earlier conversations focussed on the sub-account that was overdue being repaid, rather than the whole mortgage. However, at the end of November 2020 Mr and Mrs P's daughter became involved in trying to sort out the situation with the mortgage. Mrs P gave Santander verbal authority to speak to their daughter in a telephone conversation on 30 November 2020.

Following on from this conversation a way forward with the mortgage was proposed. This was for the arrears on the mortgage to be capitalised and the term on the expired sub-account to be reinstated and extended to match the other sub-account from 2005. This was agreed in February 2021 and the relevant documentation sent to Mr and Mrs P.

The documentation detailed the balances of the three sub-accounts as £40,853.86 (with arrears of £14.33 included), £74,634.92 (with £3,751.27 arrears included) and £4,279.27 (with £2,313.63 arrears) respectively.

Mr and Mrs P signed the relevant documentation for the changes to go ahead in April 2021, and Santander backdated them to February 2021.

Mr and Mrs P raised their current complaint with Santander in early 2024. It responded by telling them that it had already dealt with the complaint and would not do so again. Mr and Mrs P contacted us about their complaint in April 2024. They were dissatisfied with Santander's answers to their concerns.

I issued a decision on 14 November 2023. I confirmed that we had already concluded that Mr and Mrs P's complaint about the repayment basis of the mortgage and outstanding balance of the account at the end of the term did not fall within our jurisdiction and we would not be considering it again. However, I concluded that we could consider their concerns about the discussions with Santander in late 2020 and the events that followed in early 2021.

The Investigator considered the merits of the part of the complaint I had concluded we should consider. She did not recommend that the complaint be upheld.

Mr and Mrs P didn't accept the Investigator's conclusions. They said they were very unhappy that the phone call of November 2020 had not been provided to us. They asked that their case be passed to an Ombudsman.

The telephone calls that Santander was able to locate from November 2020 were subsequently provided to both this Service and Mr and Mrs P.

## **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 have listened to the available calls from November 2020. Unfortunately, the first call Mrs P had with Santander, and in which Mrs P has said she was told the original mortgage from 1989 had been paid off, is not available. The call on 24 November 2024 only discusses the sub-account that had been due to be repaid in 2015. While the notes of the initial call are brief, it does appear that the conversation that took place earlier also dealt with just the sub-account for which the term had expired in 2015. None of the notes indicate that the other sub-accounts were discussed or that Mrs P was told that the balance of the sub-account that was overdue to be paid was the only amount outstanding. That said, if she asked about the balance of the 1989 mortgage, and she was told that there was no evidence of an outstanding balance, that would have been correct, as that mortgage was repaid in 2005 by the re-mortgage.

I know that Mr and Mrs P will not be happy with my conclusion, but without further supporting evidence, I don't consider I can find that Santander told Mrs P repeatedly during November 2020 that the sub-account that was advanced in 2005 to repay their existing borrowing had been repaid and nothing was owing. I turn now to the discussions Santander had with Mr and Mrs P's daughter about the mortgage in December 2020, which led to the changes being made to their mortgage in 2021. Mr and Mrs P have said that Santander didn't have authorisation to speak to their daughter about the mortgage and that it should not have done so. However, I am satisfied that the contemporaneous notes of the conversation indicate Mrs P gave oral authorisation for Santander to speak to her daughter. So I don't consider that it did anything wrong in then having that discussion.

As for the content of the discussion, it appears that it led to Santander offering alterations to Mr and Mrs P that placed them in a better position than they were in before. At the point the conversation happened, Santander had started legal action to repossess Mr and Mrs P's home and that had only been placed on hold while this Service had considered their complaint.

As we had not upheld the complaint, and the situation with the mortgage had not changed, it was likely that the legal action would have been reinstated. However, following speaking to Mr and Mrs P's daughter, Santander offered to consolidate the arrears on the mortgage and to reinstate and extend the sub-account that had ended in 2015.

This gave Mr and Mrs P more than five years to make arrangements to repay the mortgage and would potentially allow their credit files to improve so that they had more options available to them. I note that Mr and Mrs P have said they felt pressured into accepting the option that had been presented to them. I have seen no supporting evidence that Santander placed any such pressure on Mr and Mrs P in 2021 and I can only find that the option Santander made available to them was in their best interests at the time.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs P to accept or reject my decision before 9 April 2025.

Derry Baxter  
**Ombudsman**