

The complaint

Mr R and Ms R complain that Santander UK Plc unfairly added legal fees to the redemption statement on their mortgage account.

What happened

Mr R and Ms R have a mortgage with Santander. The term ended in April 2021 and was extended. Santander says that after being unable to get a satisfactory agreement with Mr and Ms R it instructed solicitors in respect of repossession proceedings in early 2024. Mr R and Ms R arranged to pay the mortgage balance off and requested a redemption statement which Santander supplied for redemption on 31 July 2024. The statement reads

Capital Balance on Loan: £38,397.50

Amounts uncleared: £196.79.

Interest: £194.09

Account Fee; £225.50

Legal fees; £1,563.90

Total to redeem; £40,577.28

The statement of account shows that Mr R and Ms R paid £38,397.50 on 23 July but object to paying the legal fees. Santander says that the fees are invoiced to it by its solicitors and are due to be paid by Mr R and Ms R. Our investigator felt from the history of the account that it was reasonable for Santander to instruct solicitors and that Santander could charge their fees to the account. Mr R and Ms R say that they have requested the total amount that they paid to know the total amount that is due to Santander.

My provisional decision

As my view of this complaint differed from that of our investigator I issued a Provisional decision which I set out below:

“Mr R and Ms R object to paying the legal fees that were added to the mortgage account. The first question to consider is whether it was reasonable for Santander to incur legal fees and the second question is whether those fees are reasonable.

Dealing with the first question, I note that the term of this mortgage was to end in April 2021. The term was extended in September 2021 for 12 months. After that it seems that Santander was trying to get pension details from Mr R to form a view of payment options, but no progress was made, and contact seems to have ceased in July 2023. With no contact Santander instructed a field agent to make contact and obtain information in February 2024 and in March solicitors were instructed in the absence of any proposals to pay off the mortgage. Given that now almost three years had passed since the term ended and with the lack of progress I don't consider it unreasonable that the costs of a field agent and legal fees

were incurred.

I then looked at whether the costs that appeared on the redemption statement were reasonable and asked to see the invoices supplied to Santander. Santander provided information on this at the beginning of December 2024. Although a fee of £1,563.90 appears on the redemption statement, Santander were only charged £402.30. I asked Santander for an explanation of the discrepancy between the two figures. Santander replied that they were unable to say why the figure of £1,563.90 was on the redemption statement and that the only amount charged to the account was £402.30. Santander offered through us £200 as compensation for this error.

I've determined that the costs added to the account of £402.30 were charged to Santander by their solicitor and agents. I've looked at these and don't consider that these costs are unreasonable. But there is a question as to where the other £1,161.30 came from. Unfortunately, Santander has been unable to assist me as to why the bigger figure appeared on the redemption statement. Mr R and Ms R complained at the time and Santander complaints team told them that these are third party costs that it gets invoiced for, and those costs are passed onto Mr R and Ms R at redemption. But that wasn't correct which only became clear when the complaint came to us, and we asked for the solicitor's invoices and were told in December that Santander were invoiced only £402.30 and not £1,563.90.

So, this is a situation where Mr R and Ms R wanted to redeem their mortgage but were told that they had to pay over £1,000.00 more than they should have had to pay, raised a complaint, and were still told that they had to pay that extra £1,000.00 which remained the situation until recently. Charging a customer £1,000.00 more than they should have had to pay and not telling them that there was an error made for several months would be a cause of great distress to a customer and I believe that £400 more fairly reflects the distress caused to Mr R and Ms R rather than the £200 offered. So, my Provisional Decision is that I uphold this complaint and require Santander to pay Mr R and Ms R £400. I note that Mr R and Ms R recently received a detailed statement from Santander setting out the history of the account. If Mr R and Mrs R have further queries arising from that history they can raise them with Santander. My decision solely relates to their complaint that they were overcharged legal fees on the redemption statement."

I issued my Provisional Decision and invited comments or evidence from Mr R and Ms R and from Santander by 29 January. I received a response from Santander but not from Mr R and Ms R nor any request for an extension of time to submit further comments or evidence.

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.

After issuing my Provisional Decision I received confirmation from Santander that they agreed to pay the £400 for Mr R and Ms R's distress and inconvenience. I did not receive further evidence or submissions from Mr R and Ms R. I've reviewed the evidence and I consider that for the reasons set out in it, my Provisional Decision represents a fair outcome to this complaint. So, I will be upholding the complaint, and I will order Santander to pay Mr R and Ms R £400.

Putting things right

Santander UK Plc should pay Mr R and Ms R £400

My final decision

My decision is that I uphold this complaint and Santander UK Plc should pay the compensation set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Ms R to accept or reject my decision before 27 February 2025.

Gerard McManus
Ombudsman