

## **The complaint**

Mr and Mrs S complain that Santander UK Plc didn't honour the fixed interest rate they had applied for in August 2022. They also complain that they weren't made aware their mortgage had been migrated to a new system.

## **What happened**

Mr and Mrs S took out a buy-to-let mortgage with Alliance & Leicester (which later became part of Santander) in November 2007.

Mrs S contacted Santander on 4 August 2022 to enquire about fixed interest rates. Santander's agent asked Mrs S if she just wanted to fix the mortgage product and nothing else. Mrs S asked if Santander would provide additional borrowing, which the agent confirmed it wouldn't. Mrs S also indicated she wanted to do a change of borrower application.

The agent explained that it wasn't possible to complete a rate switch and change of borrower application at the same time. So, one would need to be done before the other. The agent asked Mrs S which application she wanted to do first and she said it would probably be the rate switch. This agent wasn't able to take the conversation further so arranged for someone to call Mrs S back.

One of Santander's mortgage advisers called Mrs S back later the same day. They discussed the available fixed rate products. Mrs S also asked about the possibility of porting the product and potentially selling the mortgaged property at a later date. The adviser said that porting is subject to a successful application and if it wasn't successful an early repayment charge would apply.

As the conversation continued, the adviser told Mrs S that Santander would send a rate switch offer to them in the post, based on a two-year fixed rate product. They would then have 21 days to think about it and sign and return the acceptance. The adviser also said that once Mr and Mrs S had signed and agreed to the new product, they could not change their minds. So, they were not to sign and return the paperwork if they didn't want to go ahead with the rate switch.

In a phone call on 24 August 2022, Mrs S asked to change the mortgage from being jointly held with Mr S to be in her sole name. Santander called Mrs S a couple of days later, on 26 August, to complete a change of borrower application. During this call, Mrs S acknowledged a rate switch could not be done simultaneously and that she would look at rates once the change of borrower application had gone through.

Mrs S asked if she could change lenders if Santander's interest rates were much higher than other lenders by Christmas. Santander's adviser confirmed that Mrs S could look at rates once the mortgage had been transferred into her sole name. And they said there's no reason she couldn't change lenders after the change of borrower application had completed. She could also make overpayments if she wanted to, as the mortgage wasn't currently tied into a deal.

Mrs S also asked about transferring the mortgage to another buy-to-let property and whether this would be based on the current product applicable to the mortgage or on a fixed rate. The adviser said that if Mrs S tied into a fixed rate, she could transfer that. Mrs S said they (Mr and Mrs S) were looking to buy another property in 2023 and sell this one. It was agreed that an illustration would be sent to Mrs S in the post.

The change of borrower application and discussions about this, such as the underwriter requesting further information from Mrs S, continued during September 2022. Mrs S spoke to Santander on 20 September 2022. Mrs S said they had signed and returned the rate switch paperwork when they came back from their time away on a bank holiday weekend in August 2022. Mrs S asked Santander to look into this as she hadn't heard anything and asked it to re-send the paperwork. Santander's agent was unable to find details about this on Santander's system.

During a phone call between Mrs S and Santander on 26 September 2022, Mrs S said she was unhappy as she'd been told Santander hadn't received her rate switch paperwork back. The agent arranged for a mortgage adviser to call Mrs S.

In the calls that followed during September and October 2022 between Mrs S and Santander's adviser, Mrs S was told Santander had been able to track down the paperwork for the rate switch. The adviser said that the two-year fixed rate of 3.54% would be honoured once the change of borrower application had been completed.

When Mrs S spoke to another one of Santander's mortgage advisers on 5 December 2022, they discussed the change of borrower application and the rate switch. In terms of the rate switch, the adviser said the acceptance paperwork hadn't been received by Santander. And that the interest rate had not been honoured. Mrs S was unhappy about that as she was told the rate would be honoured and she said it'd always been known she wanted to go ahead with the fixed rate.

Santander responded to Mrs S's complaint initially in December 2022 and again in February 2023. It said, in summary, that Mrs S had been told a new rate couldn't be agreed as part of the change of borrower application. It said it didn't receive the signed acceptance paperwork from Mr and Mrs S and, as such, that rate had expired and would not be honoured. It said Mr and Mrs S were free to discuss the rates available, but that would be based on rates available that day. It did not uphold their complaint.

Mr and Mrs S didn't agree with that and referred their complaint to the Financial Ombudsman Service. Our Investigator said we couldn't consider the complaint as it hadn't been referred to us within the applicable time limits set out in our rules.

Mr and Mrs S complained to Santander again in April 2024. They said they'd been forced to put the property on the market as they couldn't afford the mortgage on the higher interest rate. They said they'd been forced to do this by Santander.

Santander responded to Mr and Mrs S's complaint in May 2024. It reviewed its position regarding the interest rate applied for in August 2022. It also considered Mr and Mrs S's more recent concerns about being unaware of the migration from Alliance & Leicester's system to Santander's and that they had been forced to sell the property due to the August 2022 interest rate not being honoured. It acknowledged that Mrs S had been incorrectly told the interest rate would be honoured during phone calls with one of its mortgage advisers. Santander apologised that Mr and Mrs S's expectations were set incorrectly and offered to pay them £250 to recognise what'd happened.

Mr and Mrs S didn't agree so they referred their complaint to the Financial Ombudsman

Service. Our Investigator didn't think the complaint should be upheld. He found that Santander hadn't made an error regarding the interest rate applied to Mr and Mrs S's mortgage, because he wasn't persuaded the rate switch acceptance had been received by Santander. And, even if it had, he was persuaded that Mr and Mrs S would have returned it outside of the 21-day acceptance window. He concluded that the £250 compensation offered by Santander was a fair way to compensate Mr and Mrs S for the mistakes Santander had made.

Mr and Mrs S didn't agree with the Investigator's conclusions and asked for an Ombudsman to review their complaint. So, it has been passed to me to decide.

I note Mr and Mrs S redeemed this mortgage in full in March 2025.

### **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.

Before I set out my decision, I would like to offer my sincere condolences to Mr and Mrs S as I understand they suffered a family bereavement earlier this year. I'm also very sorry to hear about the financial difficulties they have faced with this mortgage.

I note that an Investigator at this Service previously concluded that we couldn't consider this complaint, as it had been brought outside the six-month time limit set out in our rules. However, Santander has changed its position on this complaint and so, its May 2024 final response letter supersedes the earlier ones about this particular issue. Mr and Mrs S referred their complaint to us in time following the final response letter sent in May 2024 and we can therefore consider it.

While I appreciate Mr and Mrs S will be disappointed, having carefully considered what's happened I agree with the Investigator and for broadly the same reasons. I'll explain why.

Mr and Mrs S's testimony is that they signed and returned the rate switch paperwork in mid-August 2022 and that Santander should therefore have honoured the fixed interest rate. On the other hand, Santander has no record of having received the signed paperwork from Mr and Mrs S. It has also provided recordings of phone calls between it and Mrs S after the rate switch application.

Where the evidence and arguments are incomplete or contradictory – as is the case here – I need to decide what I think is most likely to have happened, on the balance of probabilities.

I don't doubt that Mr and Mrs S's recollection of what's happened is genuine. But I must also bear in mind that they are referring to events that happened, at the time of their most recent complaint, around two years ago. Human memory is fallible and can fade over time – generally, the longer ago an event is the less reliable the recollection of it. Memory isn't fixed like a recording, for example. And later events, emotions, and beliefs can influence it. In other words, it's possible that what Mr and Mrs S remember is what happened, but it's also possible that it isn't. I have to bear in mind that no matter how genuine Mr and Mrs S's recollection and however certain they are about it, their memory might not be accurate.

What I have seen and considered, among other things, are documented notes and call recordings that took place in 2022. From listening to the call recordings, I note that Mr and Mrs S applied for a new interest rate first, before starting the change of borrower process. I'm satisfied Santander made it clear during the initial call that Mr and Mrs S would not be able to apply for an interest rate and do the change of borrower application at the same time.

And I'm also satisfied that Santander made it clear the rate switch would need to be accepted within a 21-day window, otherwise the mortgage would continue on its existing variable rate.

Mr and Mrs S have said they returned the rate switch paperwork in August 2022, although they have given conflicting dates on when in August they did so. Having listened to the call recording from 26 August 2022, by which time the 21-day deadline had expired, I'm not persuaded Mr and Mrs S had returned the paperwork before this point. I say this because Mrs S was clearly aware she couldn't do both applications, for the rate switch and change of borrowers, at the same time. And it was evident Mr and Mrs S were undecided about the interest rate and still considering their options. For example, Mrs S told Santander she would look at interest rates once the change of borrower application was completed and she indicated she may consider moving to another lender, if Santander's interest rates weren't competitive later in the year.

This does not, in my view, support Mr and Mrs S's testimony that they had already signed and agreed to the previously discussed fixed rate by mid-August – something they knew they would be tied into and would be subject to an early repayment charge if they wanted to exit the mortgage early. And, in a later phone call with Santander in September 2022, Mrs S said they'd returned the paperwork after the August bank holiday. The bank holiday was on 29 August 2022 which was after the 21-day deadline had expired.

I note that Santander's mortgage adviser, in late September 2022, told Mrs S that the rate switch paperwork had been located and that the fixed rate would be honoured. But I haven't seen any other evidence that the paperwork had been received by Santander. And, weighing up this and the call recordings, I think it's most likely that the adviser made a mistake and that they misinterpreted the information available to them at that time. I do think it's possible Mr and Mrs S returned the rate switch paperwork in 2022. But, having considered the conversations they were having with Santander around that time, I think it's most likely it would have been outside the 21-day time frame if they did. And, as such, the interest rate would have expired and would no longer be available to them.

I appreciate it would have been confusing and disappointing for Mr and Mrs S, to find out what they'd been told by the adviser was wrong. But this does not mean Santander should agree to honour the rate.

Where something has gone wrong, I need to decide how the complainant should be put back in the position they would have been in, but for the error. Here, the position Mr and Mrs S would have been in is that they would have been correctly told Santander wouldn't honour the interest rate. And, had the correct information been given to them in 2022, I'm not persuaded it would have changed the overall course of events – other than reducing the extent of distress and disappointment Mr and Mrs S experienced.

I appreciate Mr and Mrs S have said they were forced to market the property for sale because they were unable to afford the mortgage due to increasing interest rates. But as I'm not persuaded Mr and Mrs S missed out on the fixed rate in August 2022 due to Santander's actions, I cannot fairly hold it responsible for any difficulties Mr and Mrs S experienced by not fixing their interest rate at that time.

For all the reasons I've explained, I do not require Santander to honour the interest rate product Mr and Mrs S initially discussed in August 2022. However, I consider Santander giving incorrect information to Mr and Mrs S led to confusion, distress, inconvenience and disappointment. I've kept in mind Mr and Mrs S's concerns that Mrs S had to make a further complaint in 2024 before Santander accepted it had got something wrong. Santander has offered to pay Mr and Mrs S £250 to recognise the misinformation and that their

expectations weren't set correctly. And I'm satisfied, when considering everything that's happened in this case, that this is a fair way to recognise the distress and inconvenience caused. So, I do not require Santander to do anything further.

In terms of Mr and Mrs S's concerns about the migration of their mortgage to a new system, Santander has said that it sent letters to its customers between December 2022 and May 2023 about this. I have seen a sample copy of the letter it sent to its customers, although I have not seen exactly when Santander sent this to Mr and Mrs S. What I have seen, however, are copies of the letters Santander sent to Mr and Mrs S following the migration in December 2023. Those letters are correctly addressed to Mr and Mrs S.

Overall, I'm satisfied Santander sent Mr and Mrs S some information to tell them their mortgage was being moved to a new system. But, even if they didn't receive all correspondence about this from Santander, migrating accounts to a new system isn't an unusual step for a lender to take to streamline its processes by, for example, having all its mortgage customers on one database. And, I have not seen any evidence to suggest the system migration has caused any detriment to Mr and Mrs S. So, I do not require Santander to do anything differently in relation to this.

### **My final decision**

My final decision is that Santander UK Plc should pay Mr and Mrs S the £250 it has offered if it has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 30 July 2025.

Keith Barnes  
**Ombudsman**