

The complaint

Mr and Mrs C complain that Santander UK Plc unfairly declined their application to port or transfer their mortgage to a new property, despite initially being told porting was possible. As a result, they will have to incur an early repayment charge (ERC).

What happened

Mr and Mrs C had a mortgage with Santander. They had a fixed interest rate until November 2027 – and an ERC applied if the mortgage was repaid before that date. The mortgage was portable subject to meeting Santander’s lending criteria.

Mr and Mrs C wanted to port the mortgage to buy a share of a relative’s property, with the intention to convert an outbuilding into an annex and renovate the main property. They told Santander that they wanted to port their mortgage to buy a 50% share of the property. Santander said that was possible providing that the relative joined the mortgage and Mr and Mrs C were named on the property deeds.

When Mr and Mrs C made a porting application. Santander said the application did not meet its lending criteria as Mr and Mrs C’s relative was already on the deeds for the property. So they would have to repay the mortgage and incur the ERC.

Mr and Mrs C consider that Santander has not treated them fairly. They said if they’d been given the correct information in the first place they would have progressed matters differently. They want Santander to waive or refund the ERC.

The investigator said that Santander had given Mr and Mrs C incorrect information. He thought Santander should pay Mr and Mrs C £400 to reflect the distress and inconvenience that caused to them. But he said that the ERC would always have been payable in the circumstances, so he did not think Santander should waive or refund it.

Santander said it had already paid Mr and Mrs C £50 in relation to this complaint. It accepted the investigator’s view on the basis that it was increasing the award from £50 to £400.

Mr and Mrs C did not accept what the investigator said. They said that it did not make sense to say that Santander was not responsible for the steps they took as a result of the incorrect information. They said that £400 was a “derisory” amount that did not adequately compensate them for what they had been through.

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.

Santander had a duty to give Mr and Mrs C clear, fair and not misleading information – and to make sure that support their understanding so they could make decisions that were effective, timely and properly informed.

It is not in dispute that Mr and Mrs C gave Santander details about their plans to port the

mortgage and Santander told them that they would be able to port their mortgage providing that their relative was added to the mortgage. That was incorrect. In fact, Santander's policy would never allow a transaction of the nature that Mr and Mrs C were proposing.

Where a business has given incorrect or misleading information, our approach is to put the party that received the incorrect information in the position they would have been in had they been given the correct information in the first place. So I need to decide what Mr and Mrs C most likely would have done if Santander had told them that the arrangement they had proposed was not acceptable to it.

Mr and Mrs C said they always had a "plan b" in mind if Santander did not agree to port their mortgage. That was to sell the property and move into the annexe. But in that scenario they would still have incurred the ERC. Therefore, even if Santander had given Mr and Mrs C the correct information, they would always have had to pay the ERC and source a new mortgage. I am satisfied that the ERC was set out clearly and prominently in the mortgage offer. So I could not fairly say that Santander should refund or waive the ERC.

That is not to downplay the seriousness of the misleading information Santander gave Mr and Mrs C. But they have not given us evidence of any financial loss. I note that mortgage interest rates were broadly the same or lower in July 2024 than they were in May 2024 when they first spoke to Santander about their plans. So that leaves compensation for the distress and inconvenience they suffered as a result of the incorrect information.

Mr and Mrs C said that they progressed their plans between 20 May and 26 July 2024 based on the incorrect information they were given. That is just over two months of avoidable distress and inconvenience in carrying out their plans. I also accept that it must have come as a great disappointment that the information was incorrect and that they would have to pay the ERC.

Our guidelines say that we would make an award of between £300 and £750 where a mistake has caused considerable distress, inconvenience and worry – with an impact over many weeks or months. In view of that, and bearing in mind what Mr and Mrs C have told us about the impact of this matter on them, I agree with the investigator that £400 is a fair way to settle this complaint in all of the circumstances.

Santander said it had already paid Mr and Mrs C £50 in relation to this complaint, as an apology for sending them a call recording that included an internal conversation. But that is a separate matter to what I am dealing with here, even it is connected to this underlying complaint. Mr and Mrs C only referred their complaint about the incorrect information to us. And ultimately, I consider that £400 is a fair amount for the incorrect information by itself. So my award is that Santander should pay the £400 in addition to the £50 it has already paid.

My final decision

My final decision is that Santander UK Plc should pay Mr and Mrs C £400.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 17 June 2025.

Ken Rose
Ombudsman