

The complaint

Mr Z complains that Santander UK Plc charged him the wrong amounts on his mortgage. He's also unhappy with how it treated him and says he's been discriminated against.

What happened

Mr Z has a mortgage with Santander. In 2024, he applied for a new fixed interest rate of 4.71%. He also made a lump sum payment of £30,000 to reduce the balance. He signed the acceptance form and sent it to Santander at the end of August 2024.

Mr Z understood that this would mean his new interest rate would be implemented immediately. But in fact it didn't start until October, rather than September as he was expecting. Unfortunately Santander also made an error with the direct debit, which meant Mr Z had to make a manual payment for September.

Mr Z made the payment of £573. He then complained to Santander that he had to make it manually, and that the payment was more than he was expecting. Santander offered to reduce the September payment to £523 as a gesture of goodwill. But the payments due from October onwards would be £555 (I have rounded all figures).

Mr Z said this wasn't correct. He said the rate switch offer said his new payment was £555. But when he checked his mortgage on the online banking app, it said the payment was £573, then it said the payment was £523 – not £555. He was unhappy he kept being given contradictory information, and he wanted Santander to honour the £523 per month he had been told.

Mr Z also said that he had a hearing impairment, which made it difficult for him to discuss his mortgage over the phone, and he'd rather be able to discuss things face to face in a branch – but Santander no longer offered that service. He also wasn't happy with how phone calls had been handled. He believed he had been offered poor customer service and had been discriminated against.

Santander said it dealt with mortgages via a central team over the phone rather than in branch. It did have other options available – for example a branch adviser could call the mortgage team with Mr Z present in branch and relay the conversation to him; or it could discuss his mortgage via text relay.

Santander sent Mr Z a series of complaint responses – each one dealing with replies from Mr Z disagreeing with the previous response:

- On 19 August, it said that it understood Mr Z wanted to arrange his new rate and overpayment in branch rather than over the phone. The rate switch offer couldn't be faxed to the branch as originally offered because the branch's fax machine wasn't working. But it would be posted to Mr Z and also emailed to the branch so that he could go into the branch, sign the acceptance of the rate and make the payment.
- On 22 August, Santander said that Mr Z had been advised when he made his rate

switch application over the phone that the interest rate was 4.71%, the monthly payments were £555 and the rate would run until December 2027 – all of which were correct. It confirmed that it does not have mortgage advisers in branches.

- On 28 August, Santander said that it accepted it had made mistakes (though it didn't say what those were). It said it had paid £107.95 to Mr Z's bank account as compensation.
- On 30 August, Santander said that the mortgage adviser Mr Z spoke to when arranging his new rate had also made clear that the new rate would not start until October. It said that his direct debit had been cancelled in error. It said that it had reduced the payment due for September from £573 to £523 as a goodwill gesture, and it paid a further £60 compensation.

Our investigator thought that Santander had made a fair offer to resolve the complaint. Mr Z didn't agree. He said that Santander kept misleading him on phone calls, terminating the calls, and then blaming him for misunderstanding what had been said. The investigator said there was no evidence of discrimination or poor handling of phone calls. He said that Santander hadn't sent Mr Z a copy of the rate completion letter as it said it would, and he said it should pay Mr Z a further £50 compensation for the frustration that had caused as well as sending a further copy. Santander accepted that but Mr Z didn't, so the case comes to me for a final decision.

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've carefully considered everything Mr Z has said. But I'm afraid I agree that the resolution proposed by our investigator, and accepted by Santander, is a fair way to resolve this complaint.

I'm not persuaded that Santander has discriminated against Mr Z. I've listened to his calls with Santander and I'm satisfied they were handled appropriately. I know Mr Z has a hearing impairment, and I've taken that into account. But from everything I've heard, he was able to participate in the phone conversations, he understood what was being discussed at the time, and he was able to ask for repetition or clarification if he needed it.

I think Santander did make appropriate adjustments to assist Mr Z. It made sure it explained things clearly to him on the phone, and checked his understanding. Although it doesn't offer mortgage advice in its branches, it also arranged for a member of local branch staff to meet with Mr Z and go through the rate switch offer with him before he signed it to confirm his acceptance.

I appreciate Mr Z would prefer to do all his business, including managing his mortgage, on a face to face basis in his local branch. But that's not a service Santander currently offers. It's important that it makes sure that vulnerable customers and those with disabilities can still access its products, making adjustments if necessary – I'm satisfied it did that in this case.

Mr Z's existing mortgage interest rate came to an end on 2 September 2024, so he arranged a new interest rate in August 2024. This included making a £30,000 overpayment to reduce the balance.

I've listened to the call Mr Z had with a mortgage adviser, where he set out his requirements and the adviser arranged a new interest rate with him. I think the adviser made it clear that

while the new interest rate would start from the expiry of the old one, on 2 September, Mr Z's monthly payments wouldn't change until the payment taken at the beginning of October. She told him that his new monthly payment, with effect from October, would be £555 – based on both the new interest rate and the balance reduction. Mr Z said he understood that at the time.

The adviser also made clear that while Mr Z was selecting a three year rate, it wouldn't actually run for exactly three years – it would expire in December 2027. Again, Mr Z said he understood that.

Following that conversation, Santander sent Mr Z a copy of the rate switch offer in the post. It also sent a copy to the branch adviser that Mr Z would be meeting with. The rate switch offer is dated 21 August 2024. It says that the offer is open until 4 September, that Santander was offering a fixed rate of 4.71% until 2 December 2027, and that the monthly payments during the fixed rate period would be £555. It said that the offer was conditional on Mr Z making a £30,000 overpayment on or before the day he accepted the offer. Mr Z signed the acceptance form on 27 August and made the £30,000 overpayment the same day.

Having seen the rate switch offer, Mr Z complained. He said that it wasn't fair that the rate ran to December 2027, not September 2027 – so lasted more than three years. He intended to pay off the mortgage in full at the end of the fixed rate, so having to wait until December 2027 would mean he would have to pay three months' extra interest.

I understand why Mr Z wanted a rate that would last 36 months, not a rate that would run for just over three years until December 2027. But that wasn't something Santander offered, so it was never available to him. Santander doesn't have to offer interest rates for a particular duration. It made clear both in the advice call and in the rate switch offer that the interest rate would run until December 2027, so Mr Z wasn't misled about what was on offer. It was open to him to take a shorter interest rate (such as a two year one) if he wanted to have the flexibility of paying off his mortgage before December 2027 without an early repayment charge. I don't think Santander acted unfairly here.

There was some confusion around the September monthly payment. The adviser made clear that Mr Z's monthly payments wouldn't change until October, and he understood that at the time of the call. But by the time of September's payment, Mr Z said he thought the payment would change in September too – he called Santander to complain because his online banking app still showed the old monthly payment, which he thought was wrong. In fact, it wasn't wrong, and Santander hadn't misled him about that in the advice call. But it still offered to reduce the September payment by just under £50 as a gesture of goodwill. That's why Mr Z's banking app later showed a monthly payment of £523 for September – not because Santander had got the payment wrong; it hadn't. But because it had got the payment right, then reduced it as a gesture of goodwill.

Unfortunately, this caused further confusion. Because Santander had mistakenly cancelled the direct debit, Mr Z had to make the September payment manually, and he paid the full amount of £573 before Santander agreed to reduce it to £523. This meant that Mr Z had overpaid by just under £50 in September, so Santander reduced the monthly payment it collected in October to offset the difference. But this led Mr Z to question why it was collecting yet another different amount and why his payments kept seeming to change. I understand why all this caused Mr Z confusion. But, in the end, he has paid the right amount and his monthly payments of £555 on the fixed rate are correct.

Mr Z asked Santander to send him another copy of the letter confirming the rate switch had been implemented. And he asked it to send a letter estimating what his balance would be at

the end of the fixed rate term so he could plan how much he needed to have in savings. Santander didn't initially do that. But our investigator has now passed those letters on to Mr Z, and Santander has agreed to a further £50 compensation. I think that's fair.

My final decision

My final decision is that Santander UK Plc should increase its offer of compensation by £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 13 May 2025.

Simon Pugh
Ombudsman