

The complaint

Mr and Mrs M complain that Santander UK Plc would not allow them to switch mortgage deals.

What happened

Mr and Mrs M have a mortgage with Santander. They had a lifetime tracker interest rate product.

On 19 September 2024, Santander sent Mr and Mrs M an offer to switch their mortgage to an interest rate fixed at 4.2% until 2 January 2027. On 2 October 2024, Mr and Mrs M returned a signed acceptance to transfer their mortgage to the new mortgage product.

On 5 October 2024, Mr and Mrs M contacted Santander and asked if they could switch to a fixed rate of 3.99% that had become available. Santander said they couldn't as they'd already accepted the offer for the 4.2% rate.

Mr and Mrs M consider that Santander has not treated them fairly:

- The offer said it was only valid until 3 October – Santander did not receive it until after that.
- The offer said that they had 14 days to switch to a different deal or cancel the switch.
- It had not delivered a good outcome for them as required by the Financial Conduct Authority (FCA).

Mr and Mrs M want Santander to switch them to the 3.99% fixed rate and as a gesture of goodwill to waive the £999 product fee it applied.

The investigator thought that the wording on the offer about the right to cancel wasn't clear enough. He thought Santander should pay Mr and Mrs M £100 for any distress and inconvenience caused. But he thought if Santander had explained things more clearly that Mr and Mrs M would still have been tied into the 4.2% rate.

Santander accepted what the investigator said. Mr and Mrs M did not. They responded to make a number of points, including:

- They were surprised that despite finding that Santander did not treat them fairly, the investigator only awarded them £100.
- Santander had breached the FCA's principles, but the investigator had ruled in its favour.
- The wording in the offer suggested they could switch to the lower rate.

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 taken into account the relevant law, rules and regulations amongst other things to decide what I consider is fair and reasonable in the individual circumstances of this complaint.

The mortgage offer said:

9. Other rights of the borrower

You have 14 days to fully review all the information we've sent you. Once you've sent us your acceptance, you can ask to change to a different deal or cancel it up to 14 days before your new deal starts. You can pay back the mortgage in full at any time, subject to any fees shown in the Early repayment section.

When Mr and Mrs M signed and returned the acceptance form on 2 October 2024, they agreed to be bound by the terms of the offer. The contract was formed when they posted their acceptance. So they'd accepted the offer before it expired. And I note Santander had explained when it spoke to Mr and Mrs M that it gave some leeway to allow for delays in the post.

The offer said the ability to cancel was "*up to 14 days before the new deal starts*". Because Mr and Mrs M had a variable rate mortgage the new deal started as soon as Santander received their acceptance. So when Mr and Mrs M contacted Santander to ask to switch to the 3.99% rate it was already too late – they'd already accepted the new deal and it was less than 14 days before the new deal started.

In saying that, I agree that the wording in the offer is potentially misleading. Because Mr and Mrs M had a variable rate product the new deal would start as soon as their acceptance was received. In practice they never had the ability to cancel the new deal once they'd accepted it. I agree that could have set out more clearly on the offer.

Where a business has not acted fairly, we would look to put the affected party in the position they would have been in had they been treated fairly in the first place. So if Santander had set out that Mr and Mrs M did not, in fact, have the right to cancel once they had accepted the new deal, is it likely they would have acted differently?

In the circumstances, I do not consider Mr and Mrs M would have acted differently if Santander had set out the cancellation rights (or lack of cancellation rights) more clearly. I say that as Mr and Mrs M chose the 4.2% rate it was likely the best rate that was available to them at that time and when they accepted the deal. I consider it less likely they would have waited before accepting if they knew they could not cancel. They would not have known that Santander would offer a lower interest rate deal soon afterwards.

I consider £100 is a fair amount to reflect any distress and inconvenience caused by this matter. There has been some avoidable confusion and Mr and Mrs M's hopes were raised when they believed they would be able to cancel the deal they'd already accepted.

My final decision

My final decision is that Santander UK Plc should pay Mr and Mrs M £100

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 26 June 2025.

Ken Rose
Ombudsman