

The complaint

Miss L and Mr M's complaint is that they believe Santander UK Plc acted unreasonably in stating it would withdraw its mortgage offer after Miss L and Mr M agreed to accept a cash incentive from their vendor in relation to repairs to be carried out to the property.

To settle the complaint, Miss L and Mr M would like Santander to apologise for withdrawing the mortgage offer and pay compensation.

Mr M has dealt with the complaint throughout, with the consent of Miss L.

What happened

I don't need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Miss L and Mr M being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision.

In 2023 Miss L and Mr M were purchasing a property with the assistance of a mortgage from Santander. Santander instructed a surveyor to carry out a valuation for mortgage purposes, following which a mortgage offer was issued for a loan of £663,999 (including the product fee).

After the mortgage offer was issued, Miss L and Mr M had their own survey carried out. This revealed work that needed to be done to the property. As a result, the vendors agreed to provide an allowance to Miss L and Mr M for the estimated cost of the work, which was £3,000.

Miss L and Mr M's solicitors – who were instructed to act for Santander in relation to the mortgage – disclosed the existence of the incentive. Because this was outside Santander's lending criteria, Santander said it was unable to proceed with the mortgage. A couple of days later Miss L and Mr M's solicitors confirmed that the purchase would proceed without the incentive, and the mortgage completed.

A complaint was raised, which Santander didn't uphold. The complaint was brought to our service, where an Investigator considered it, but didn't think it should be upheld. Mr M asked for an Ombudsman to review the matter.

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 taken note of all the arguments Mr M has put forward. The crux of the complaint is that Mr M believes there has been a lack of transparency by Santander in relation to its lending

criteria. Mr M has also argued that, in stating it would withdraw the mortgage offer, Santander acted in breach of contract.

First, the issue of whether or not there has been a breach of contract is an issue for the courts, not the Financial Ombudsman Service, as this is a matter of law. What I have to decide is what is fair and reasonable.

I will also clarify that the Financial Ombudsman Service isn't a regulator. Therefore, whilst I've noted what Mr M has said about what he perceives to be regulatory breaches by Santander, the enforcement of regulations falls outside my remit.

Santander is entitled to set its own lending criteria, in line with its commercial objectives and regulatory obligations. Mr M says that Santander's position in relation to cash incentives is not sufficiently transparent or detailed in the mortgage offer. However, lenders aren't required to disclose all their lending criteria when considering a mortgage application, or detail each and every criterion that has been taken into consideration when issuing a mortgage offer.

This is because such criteria change from time to time, and so it would be unworkable for a lender to disclose all its criteria in a mortgage offer where these may change before a mortgage completes. (I will state, for the sake of completeness, that this is not the case in relation to the facts of this case, as the criterion in relation to cash incentives didn't change during the course of the application.) In addition, due to commercial sensitivity, there are some criteria that must remain confidential, which is reasonable in my opinion.

I appreciate Mr M has highlighted another lender's criteria in relation to cash incentives, which he has found in the UK Finance Lenders' Handbook, and which he thinks is set out more clearly than Santander's criteria. But this complaint isn't about another lender, nor is Santander, as an independent, autonomous business, under any obligation to adopt the criteria or practices of other lenders.

I'm glad the mortgage completed, and that the issue was resolved within a few days. I appreciate it must have been worrying for Miss L and Mr M to be in the position where they thought they'd be left without a mortgage. However, in all the circumstances, I'm satisfied that Santander acted appropriately in relation to the cash incentive offered to Miss L and Mr M. This means that I'm unable to find Santander has done anything wrong.

My final decision

My final decision is that I don't uphold this complaint.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L and Mr M to accept or reject my decision before 7 July 2025.

Jan O'Leary
Ombudsman