

## The complaint

Miss B complains that she made an overpayment to her mortgage, and Santander UK Plc then said she could have the money back. But when she asked for it, Santander said she'd gone on to pay off the mortgage completely, so it couldn't give her the overpayment back.

## What happened

Miss B said she'd made some overpayments onto her mortgage on 20 September 2024. She'd received a letter saying she had been charged an Early Repayment Charge ("ERC") and if she wanted, she could have an overpayment back, as long as she asked within 28 days. Miss B said she'd asked in time, so expected to get her money back. But Santander wouldn't pay her. It said the repayments she had made were enough to clear the outstanding balance, so her mortgage had been paid off, and the charge removed from her property.

Miss B said she was now struggling to meet other financial obligations, which was causing distress and stress, and exacerbating her pre-existing health conditions. She said Santander had promised her this money back, and she wanted it to make good on its offer.

Santander said Miss B made two payments on 20 September. Those payments were more than the outstanding balance on her mortgage. At first the payments were just applied to the mortgage, and that's when Santander wrote to Miss B saying she could have one of the two payments back if she wanted.

These payments left Miss B's mortgage in credit, so Santander reprocessed the last payment as a redemption and cleared Miss B's mortgage. Santander didn't think that was a mistake. And when Miss B contacted it to ask for one of the payments back, Santander said that Miss B no longer had a mortgage with it, so it couldn't give her some of her money back.

Our investigator didn't think this complaint should be upheld. He said Miss B had owed a little less than £32,000 on her mortgage in September 2024. She'd made two payments on 20 September, one of £11,000 and another of just under £22,000. These payments were initially just credited, one at a time, to Miss B's mortgage, which meant the ERC due at the time was deducted from the first payment. That's why Miss B got a letter saying she could ask for this payment back if she wanted. But the second payment was enough to clear Miss B's mortgage, and by the time she contacted Santander, her mortgage had been redeemed.

Our investigator said he appreciated that the letter Miss B received, saying she could have a refund, would have been confusing, but he didn't think any money was due to Miss B. The mortgage had been paid off, and our investigator said he couldn't see that this wasn't Miss B's intention at the time. And he didn't think it was unreasonable for Santander to treat these payments as a redemption of her mortgage.

Miss B disagreed. She said no one had addressed the first part of her complaint, trying to contact Santander and waiting for a call back that never came.

Miss B also said the letter wasn't confusing at all. It offered a refund, and she wanted Santander to do that. She appreciated that this would mean her mortgage wouldn't be paid

off. And she said her intentions at the time of making the payment were irrelevant.

Our investigator said Miss B had made payments which covered the outstanding balance on her mortgage, so if she didn't want to pay off the mortgage, he asked if she could explain why those payments were made. Miss B didn't respond to that question. She did say she wanted an ombudsman to consider her complaint, so this case was passed 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 reached the same overall conclusion on this complaint as our investigator.

The payments Miss B made on 20 September 2024 were enough to clear her mortgage. The money she sent arrived in two separate payments. (Santander said this often happens, when banks apply limits to the amount someone can pay.)

On 21 September, Santander wrote to Miss B, to explain how the money from the first payment she made had been used. That letter explained that Miss B had been charged an ERC on this sum, and said if she wanted her last overpayment back, she should ask within 28 days.

I appreciate that the letter dated 21 September made an offer to return money to Miss B. However, in my view, this letter was then superseded by a second letter, dated 24 September, which said Miss B's mortgage had been redeemed.

Miss B said that whether or not she'd intended to redeem her mortgage was irrelevant. Santander had promised to give her back some of the money she'd paid towards her mortgage, and she wanted it to honour that offer.

I don't know what Miss B intended to do by making these overpayments. But I don't think it was unreasonable for Santander to treat these payments, which covered the full balance remaining on Miss B's mortgage, as having redeemed Miss B's mortgage. And we know that Miss B's mortgage was redeemed by Santander before Miss B asked for her money back.

I understand Miss B has told us she's now struggling, and I've been very sorry to hear that. But for Santander to give Miss B some of her money back, it would have to reinstate her mortgage now. It's already taken the legal steps to remove its charge over her property. I don't think it would be fair and reasonable for me to require Santander to set up her mortgage again, and to pay for legal work to put the charge back on Miss B's property, so it can make a partial refund.

When she replied to our investigator's view, Miss B also told us that no one had dealt with the first part of her complaint, which was about her difficulties getting through to Santander. I haven't been able to see that this has been raised with Santander, and that Santander has had a chance to respond to that point. I also can't see that Miss B raised this with our service when she first made her complaint. Our service does have to give the bank a chance to respond to a complaint before we can look into things, so I can't consider that point here.

I know Miss B will be disappointed, but I don't think this complaint should be upheld.

**My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 21 July 2025.

Esther Absalom-Gough  
**Ombudsman**