

The complaint

Mr M complains that Santander UK plc wouldn't allow him to port his mortgage to a new property and wouldn't refund the early repayment charge (ERC) he had to pay.

What happened

Mr M took out a mortgage with Santander in 2021 on a two-year fixed interest rate. In August 2023 he took a new fixed rate of 5.42% until 2 January 2031. An ERC was payable if the mortgage was repaid in full before 2 January 2031.

In November 2024 Mr M sold his property and repaid his mortgage in full. He paid an ERC of just over £5,000. He queried this with Santander, and it told him that it could refund the ERC if he ported (or transferred) the mortgage to a new property within three months of redemption.

On 18 November 2024 Mr M began an application to Santander to port part of his mortgage to a new property, but he says Santander declined his application because he had recently started a new job. He applied to another lender and got a mortgage offer for the same amount he had asked Santander to lend him.

Mr M made a complaint. He didn't think it was fair that Santander had refused to let him port the mortgage and said another lender would lend based on the same information he had given to Santander. He wanted a refund of the ERC.

Santander responded to the complaint in January 2025. It said it had done nothing wrong so it wouldn't refund the ERC. Mr M referred his complaint to us. In June 2025 he told us he had found a property to buy and hoped to exchange contracts soon.

Our Investigator said that Mr M hadn't bought a new property within the timeframe Santander allowed for him to port his mortgage, so he couldn't have ported and received a refund of the ERC. But she said Santander had made some mistakes in its handling of his porting application, so she recommended it pay him £250 for distress and inconvenience.

Santander accepted the Investigator's recommendation but Mr M did not. He didn't think £250 was fair compensation when compared to the ERC he had to pay of more than £5,000.

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.

The mortgage offer Mr M accepted when he took a fixed interest rate on his Santander mortgage in 2023 said an ERC would be payable if he repaid the mortgage in full before the end of the fixed rate period. I'm satisfied that this was clear in the mortgage offer, and it set out how much Mr M would be charged in cash terms, depending on when he settled the mortgage. Santander was therefore entitled to charge the ERC when Mr M repaid the mortgage in November 2024.

The mortgage product could however be ported, or transferred, to another property and all or part of the ERC refunded, depending on how much of the mortgage was ported. That was also set out in the mortgage offer, which in addition said that porting was subject to Santander's lending criteria at the time of application. And the mortgage terms and conditions said, at section 7:

"If you move home during a period when an early repayment charge applies

[...]

If the sale of your property and the purchase of the new property don't happen on the same day but you complete the purchase within 3 months of paying off your mortgage, we may refund all or part of any early repayment charge."

Mr M was still in the process of buying a new property in June 2025. So he didn't complete on a new purchase within three months of redeeming his Santander mortgage, even though he had a mortgage offer from another lender in December 2024. This means that, even if Santander had approved his porting application, he couldn't have completed on the purchase and the mortgage within the three-month window Santander permitted in order for him to get a refund of the ERC. It follows that I can't fairly require Santander to refund the ERC. It was contractually payable, it was clear in the mortgage offer, and Mr M wouldn't have been entitled to a refund even if Santander had approved his application.

However, I think there were some shortcomings in Santander's handling of Mr M's application. Mr M understood that his application had been declined, when that wasn't in fact the case. He was in a probationary period in a new job when he asked to port his mortgage, so Santander asked him for a letter from his employer to confirm his basic annual salary and the conditions under which his job would become permanent. Its records say that it didn't receive this, so it ultimately treated the application as abandoned on 20 January 2025.

Mr M had been in touch with Santander in the meantime and had made a complaint. I think Santander had the opportunity to correct Mr M's misapprehension about the outcome of his application and to confirm with him whether or not he could provide the information it had asked him for. It didn't however do so, and it referred instead to a declined application.

Mr M said in correspondence with Santander that his employer couldn't provide the document Santander wanted. On that basis I think his application seems unlikely to have been approved. In any event, I find nothing to indicate that his decision to wait until several months later to go ahead with a property purchase in a different area would have been different if Santander had communicated more clearly with him about his porting request.

For these reasons, I find no basis on which I can reasonably require Santander to refund the ERC. I agree with our Investigator that Santander should pay Mr M £250 compensation. I think that's fair and reasonable in all the circumstances to reflect the confusion and upset he was caused as a result of its poor communication and the missed opportunities to put that right.

Finally, Mr M has pointed out that the ERC is much more than £250 and he doesn't think it's right that Santander should have charged him so much. I understand his point, but I'm afraid it doesn't mean I can tell Santander to refund the ERC. There's a cost to a mortgage lender when a fixed rate product is brought to an end early, which is what Mr M did, and it was fair for Santander to charge him the ERC under the terms of his mortgage with it.

My final decision

My final decision is that Santander UK plc should pay Mr M £250 to settle this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 October 2025.

Janet Millington
Ombudsman