

The complaint

Mr Z has complained that despite telling Santander UK Plc that there was a dispute on his jointly held mortgage, the other party (who I will refer to as Ms S) was able to move the mortgage onto a new preferential interest rate product. He's said he didn't give his consent.

Mr Z said he had been significantly affected both financially and emotionally. He said, financially, he was now potentially liable for a mortgage he didn't agree to, which could impact his credit rating, future borrowing ability and overall financial stability, and that he may incur legal costs trying to resolve it. And he said, emotionally, the breach of trust and the stress of dealing with it caused him considerable anxiety and distress.

What happened

Mr Z and Ms S have a joint mortgage with Santander and the preferential interest rate product was due to end on 2 May 2025. After that date, if a new preferential interest rate product wasn't selected, the mortgage would move to Santander's follow-on rate which was 7.75% at the time in question. I understand that would have meant the payment increasing to over £1,000 a month.

On 3 February 2025 Mr Z had contacted Santander to say he was going through a relationship dispute, so he was unable to pay his full payment of around £830 that month. He said he was looking for some options, and it was agreed that an arrangement to pay would be placed on the account to accept a reduced payment of £600 a month for two months. Unfortunately, Santander failed to put a dispute marker on the account as it should have done at that time.

In April 2025 Ms S applied for a new preferential interest rate online. The new rate she selected was fixed at 4.32% until 2 August 2028. There were no set-up fees and the new monthly payment was noted in the offer to be about £765 a month. The offer explained that if the mortgage was repaid on or before 2 August 2028 then an early repayment charge ("ERC") would be charged. No other changes were made to the mortgage.

The new rate took effect on 3 May 2025.

Mr Z phoned Santander to complain about the product switch on 6 May 2025, and at that time the dispute marker was added to the mortgage account. He said he didn't want the change to happen, and he wanted the mortgage to remain on the variable rate.

Santander responded to the complaint on 14 May 2025. It said the product change had happened due to an error on the part of one of its advisers as they failed to add the dispute block to the mortgage when Mr Z notified Santander in February 2025. It apologised for the distress and inconvenience caused to Mr Z. Santander said it had provided feedback to the staff member and it paid £50 compensation to Mr Z.

The letter also said, as explained to Mr Z on the phone, that Santander didn't think Mr Z had been caused any financial detriment as no product fee had been charged, and if the property had to be sold as part of the dispute then it would waive the ERC. Finally it explained it has a

single signature acceptance policy, which means it can allow product switches while an account is in dispute if the conditions are met.

Santander explained to our Investigator that its single signature acceptance policy, which it said is in place to avoid such things as cases of financial and economic abuse, would have allowed the change to take place without Mr Z's consent even if the marker had been in place, albeit the process for that would have been slightly different. It said under the policy the product is put in place, no fees are added to the balance, and if the mortgage is redeemed due to the sale of the property as part of the relationship breakdown, then the ERC is waived. It said, however, that it was increasing its offer of compensation to £200 due to the distress caused by the error.

Mr Z didn't accept the increased offer, saying the situation had caused him considerable emotional distress and financial concern, and by going ahead with the rate switch Santander showed a clear lack of respect for his wishes and financial autonomy.

Our Investigator said Santander's offer of £200 compensation was fair. They said it wasn't in dispute that Santander had made a mistake, but even if that hadn't happened, the rate still would have been put in place under Santander's single signature acceptance policy. They said Mr Z remained jointly liable for the mortgage, and the rate change meant the mortgage avoided being charged at the higher, reversionary, rate of interest. They said there was no financial detriment to Mr Z as Santander would waive the ERC if the property were sold as part of the relationship split, and his liability hadn't changed in any way, instead he was in a better overall position as the interest rate was lower.

Mr Z didn't agree, saying he wanted an Ombudsman's decision. He said, at a minimum, Santander should be required to:

- “Provide a written apology acknowledging the specific failure to uphold the joint restriction.
- Confirm what actions have been taken to prevent such breaches in future.
- Reassess the level of compensation offered to better reflect the seriousness of the error and the distress caused.”

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.

Although I've read and considered the whole file I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

The Financial Ombudsman Service is independent of both consumers and the businesses they are complaining about. This means that we don't act for either party, nor do we take instructions either from consumers or businesses, or allow either party to direct the course of our investigations; were we to do so, it would compromise our independence and impartiality.

We're not the regulator, and I've no power under our terms of reference to comment on, or otherwise determine, how financial businesses operate in general terms. I have to consider this complaint by reference to Mr Z's particular situation. When I do that, I'm satisfied Santander has already done enough to put things right. I'll explain why below.

Although I haven't heard from Ms S, I've seen that Santander accepts that the application was made without Mr Z's consent so I don't need to make a finding on that underlying issue. It's also not in dispute that Santander should have put a dispute marker on the account in February 2025 but didn't.

Once Santander was aware of the dispute, it should not have made changes to the mortgage without both parties' consent if the changes might negatively impact the party that did not consent to the change.

However, a change to a fixed rate would not necessarily negatively impact Mr Z. The change made the mortgage more affordable, so it is less likely that it would fall into arrears and, therefore, it also is less likely that missed payments would be recorded on Mr Z's credit file.

The potential negative for Mr Z is that there is an ERC if the mortgage is repaid during the fixed rate period. That might never apply anyway, but in any event Santander has mitigated that by saying it will waive the ERC if the property has to be sold as part of the relationship breakdown.

It is reasonable for lenders to have a process in place to assist where there is a dispute between the parties. There might sometimes be good reasons to approve changes with only one party's agreement.

Santander has a policy for such occasions. Whilst here the process wasn't followed for that due to the fact Santander had failed to put the dispute marker on the account I'm satisfied, on balance, that even if the marker was on the account the rate still would have been put in force just through a different process.

Mr Z has said that is speculative, and the fact remains he was denied the opportunity to review, question or object to the change. But I don't agree it is speculative. Santander has a clear policy, and had that been followed the mortgage offer would have been sent to Mr Z separately, and even if he refused to sign to accept it then Santander could have followed its single signature process to put the rate in force anyway.

I agree Mr Z was denied the opportunity to review it in advance, but he was aware of the new rate within days of it taking effect and, even if he had reviewed it in advance the account would be in the same position as it is – that is, the new rate would be in place.

Mr Z said he had been significantly affected financially as he was now potentially liable for a mortgage he didn't agree to, which could impact his credit rating, future borrowing ability and overall financial stability, and that he may incur legal costs trying to resolve it. But nothing, in that respect, has changed.

He was always liable for this mortgage and the underlying mortgage hasn't changed; the mortgage balance, repayment basis and term remained the same, all that happened is that the interest rate was reduced from 7.75% variable to 4.32% fixed. A reduction in the interest rate reduces the risk of his credit rating being impacted as the payments are lower, therefore less likely to be unaffordable. There would be no change to his future borrowing ability other than perhaps being able to borrow more as the payments were now lower, and so he would have more "available" funds each month.

I think it was fair for Santander to agree to put a new preferential interest rate in place. Agreeing the new preferential interest rate doesn't change Mr Z's liability for the mortgage. It just means the interest rate – and therefore the monthly payments – are lower and more likely to be affordable.

Santander told Mr Z that it will waive the ERC if the property is sold as part of the relationship breakdown, and that is fair. The fixed rate product won't prevent the property being sold or reduce Mr Z's share in the equity. Regardless of any agreement between Mr Z and Ms S, Mr Z remains liable for the mortgage payments. Arrears would also affect his credit file. I can't fairly say that Santander should withhold access to preferential interest rates in order to make payments less affordable and Mr Z hasn't given any reason why he wanted the mortgage to remain on the much higher reversionary rate (other than he wasn't asked).

Ultimately, the dispute between Mr Z and Ms S will have to be resolved between them or through a court process. I understand this is difficult, but I think it's fair for Santander to agree a preferential interest rate to make payments more affordable until the matter is resolved.

All that said, Santander has accepted it got things wrong when it failed to put the dispute marker on the account in February 2025. Although that wouldn't have changed the overall position, in that the account could still have been moved to the same fixed rate product through a different process, I think compensation is due for that.

Mr Z has said he wants a written apology, but he's already got that. Santander apologised to him in its response to his complaint in May 2025. Mr Z may want a more detailed apology, but I'm satisfied the apology Santander gave in that letter is enough.

As I've already explained, we're not the regulator, and it's not our place to order Santander to put measures in place to prevent such things happening in the future, nor would we expect Santander to confirm what measures, if any, it had put in place. Not least because this seems to be a simple case of human error. The staff member should have put a dispute marker on and didn't. Whilst I acknowledge how frustrating it is when a business makes a mistake, mistakes do happen.

I have considered everything very carefully, and as part of doing so I have to take into account everything Santander has already done and paid. Having done so I'm satisfied the offer of a total of £200 compensation is fair and reasonable.

My final decision

I uphold this complaint and order Santander UK Plc to pay £200 compensation (less any amounts already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 17 February 2026.

Julia Meadows
Ombudsman