

The complaint

Mr D's complaint is about a mortgage he holds with Santander UK Plc.

The essence of the complaint can be summarised under two broad bullet points. These are:

- that Mr D was wrongly told on the phone that a lump-sum refund of historic charges had put his mortgage into credit when it was actually in arrears; and
- Santander left the mortgage on its standard variable rate for many years before offering Mr D a lower interest rate in late 2024.

Mr D is represented in the complaint by Mr D2, to whom Mr D has granted Power of Attorney.

What happened

The broad circumstances of this complaint are known to both parties. I'm also aware that the investigator issued a detailed response to the complaint, a copy of which has been sent to both parties, and so I don't need to repeat all the details here. Our decisions are published, and it's important that I don't include any information that might result in Mr D or Mr D2 being identified.

Instead I'll give a brief summary of the key events, rounding the figures, and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint. The mortgage began in 1990, as an interest-only loan of £65,000 with a 15-year term. In 2004, this was changed to a repayment loan with a new 25-year term. In October 2024, Mr D's mortgage was migrated to a new accounting platform and given a new account number. On 1 November 2024, a reduced rate of 5.64% was applied. Prior to that, the rate had been 7.20%.

On 6 November 2024, Mr D called the bank after having tried unsuccessfully to make a payment using the old account details. During that call, the handler noted a recent lump sum credit to the account of around £3,600, and mistakenly told Mr D this had moved his account from being in arrears to being pre-paid. What had actually happened was that the lump sum credit was a refund of historic fees and charges that Santander had applied in relation to arrears recover action. The refund reduced the overall mortgage balance, but didn't alter the arrears status.

Santander issued a final response on 3 December 2024, explaining the refund, and apologising for the mistaken statement in the phone call of 6 November 2024. The letter confirmed the current mortgage balance to be a little under £27,900 and the arrears balance to be a little under £1,555. Santander offered £100 compensation for the confusion, saying a cheque would be sent separately in the next seven to ten days.

Mr D2 referred the complaint to us; aside from the mix up over the refund of fees and charges, he believes Santander should have pro-actively ensured Mr D was on the lowest interest rate possible.

One of our investigators looked into it. He agreed that Mr D had been given wrong information about the fees and charges refund in the phone call, but that Santander had since put that right in its written correspondence. For the confusion, he thought the compensation of £100 was fair.

As far as access to lower rates was concerned, the investigator explained that we'd only be able to consider the six-year period immediately preceding the complaint. When he did that, he wasn't persuaded Santander had done anything wrong. He explained that lenders aren't required to contact borrowers pro-actively to tell them about interest rate products. He noted that Santander had provided Mr D with regular updates on the interest rates it was charging him from time to time. He concluded that Santander had done enough to let Mr D know he could contact it about changing rates if he wanted to but he'd never done that before 2024.

Mr D2 has asked for the case to be reviewed by an ombudsman. He says we haven't taken sufficient account of Mr D's age and poor health, and called for a wider investigation into Santander's conduct over the years.

What I've decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the FCA. We deal with individual disputes between businesses and their customers.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. But in doing so, we have to work within the rules of the ombudsman service, and the remit those rules give us.

We revisit jurisdiction at every stage of our case-handling process. It's not been contested, but for completeness, I agree with the investigator that, on the point about access to better interest rates, our rules only allow us to look into events in the six years preceding the complaint.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'll begin with Mr D2's emailed response dated 27 May 2025 to the investigator's view of the complaint. His request to broaden the investigation brings new points that weren't mentioned at the outset and aren't part of the complaint I'm determining here.

We can't investigate complaints 'on the fly' so to speak, with parties adding new points and arguments along the way whilst our investigation is ongoing. Otherwise we risk a complaint becoming a continuously moving target that can never be concluded. I'm also mindful of the over-arching (and statutory) duty that I have to resolve complaints swiftly and with a minimum of formality.

If Mr D2 believes a wider investigation is needed along the lines he's set out in his email of 27 May 2025, he'll need to raise a new complaint with Santander first, and then refer it to us later if not happy with Santander's response. I can only address the complaint matters that Mr D referred to us in December 2024 following Santander's final response dated 3 December 2024.

Mr D was wrongly told on the phone that a lump-sum refund of historic charges had put his mortgage into credit when it was actually in arrears

I don't need to make a finding of fault here; Santander has already accepted it misled Mr D during the 6 November 2024 conversation. All that leaves for me to decide is if the steps Santander took to remedy that error are enough or whether there's more still to do.

My starting point on this is that Santander had just done something that benefited Mr D substantially. It had reviewed the history of his account and concluded that fees and charges that had previously been levied on his mortgage should be refunded in the interests of fairness. So the underlying action was well-intentioned and clearly left Mr D in a much better position than he'd have been in if the refund hadn't happened.

Providing the refund wasn't the problem; what was the problem was how Santander explained it to Mr D. That left him confused, and for a period, believing his account was in credit rather than in arrears, which remained the true position. I can certainly see how that would raise Mr D's expectations, and clearly, it shouldn't have happened. But ultimately, the raising of expectations, at least until the true position was confirmed in writing, didn't cause Mr D any lasting financial harm. It's right that Santander should compensate him for the confusion and raised expectations; in the circumstances, however, I share the investigator's view that £100 is a fair and proportionate sum.

Santander left the mortgage on its standard variable rate for many years before offering Mr D a lower interest rate in late 2024.

It seems to me that there are two main issues for me to decide here. They are:

- whether Santander did enough to let Mr D know that better interest rate deals were available and what he needed to do in order to get one; and
- whether Santander was obliged to offer Mr D a better interest rate deal.

On the first question, I think it's reasonable to conclude that Mr D knew, or should have known, from the correspondence Santander sent him on a regular basis during the period under consideration that his mortgage was on a variable rate and that he could contact the business at any time to see if better rates were available.

On the second question, it's a matter for a borrower to choose whether or not to apply for a new rate, and make the application if they want one. Here the available evidence doesn't point to Mr D having done that before 2024, and when he did, a lower rate was provided.

In reaching my conclusions, I haven't in any way ignored or downplayed what Mr D2 has said about his father's age and poor health. Businesses have a duty to ensure that customers who are elderly and/or in poor health aren't treated less favourably than other customers, and I don't think Santander has failed that duty here. But they aren't required to treat them *more* favourably than other customers due to their advanced age and/or poor health.

Also, I'm mindful that Mr D has granted Mr D2 Power of Attorney to act on his behalf and manage his affairs.

My final decision

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

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 19 August 2025.

Jeff Parrington

Ombudsman