

The complaint

Miss O and Mr P complain about the level of service they received from Santander UK Plc when applying for a mortgage with it. They say the service they received from Santander was very slow and inefficient, which caused long delays and resulted in them having to withdraw from their intended property purchase.

What happened

In December 2023 Miss O and Mr P applied through a broker for a mortgage with Santander. They wanted the loan amount of £505,000 to purchase a property for £620,000. They intended to pay a deposit towards the purchase of £115,000 using savings and a lump sum gift of £75,000 from Mr P's father.

The mortgage was initially declined because of adverse information recorded on Miss O's credit file. The broker appealed against Santander's decision and provided additional information for Santander to review. Following this there was significant back and forth between the parties involved as Santander requested further information about several matters including Mr P's employment and income, proof of funds, and the financial gift from Mr P's father.

Santander established that Mr P worked as a contractor through an umbrella company which meant Santander considered him to be self-employed rather than employed – which had been stated in the application form. Importantly, this meant Santander would use the average of Mr P's last two years' income when completing its lending assessment, which it calculated to be less than the income figure provided for Mr P in the application form. This lower income figure meant the loan amount requested was more than Santander was willing to lend after it applied its income multiplier to Miss O and Mr P's joint income at that time.

The issue with Mr P's income was communicated to Mr P's broker by the end of January 2024. Santander also needed further evidence of the number of days Mr P worked so that it could confirm the maximum loan amount it was able to lend.

Santander received the information it needed on around 9 February 2024, and on 15 February 2024, it told the broker that the maximum amount it could lend was £486,000.

This was reviewed upon Santander receiving an updated payslip from Miss O showing a salary increase in February 2024. A change of product was also requested at around that time. On 29 February 2024, Santander told the broker the maximum loan amount had increased to £498,000. Santander's notes also indicate it still needed more evidence to show Miss O and Mr P had enough money to pay the deposit and other costs such as stamp duty, legal fees and moving costs.

Miss O and Mr P negotiated a reduction in the purchase price of the property in around early March 2024, and once all the outstanding matters were settled, a final review was completed on 12 March 2024. A mortgage offer for the loan amount of £498,999 was issued on 13 March 2024.

Mr P's father sadly experienced a severe medical event in February 2024 which meant he was no longer able to make the intended gift of £75,000 to Miss O and Mr P. Mr P has told us that that while they were hopeful his father's condition would improve, the goodwill with the seller of the property ran out, which was why they couldn't ask them to wait any longer.

In August 2024, Miss O and Mr P complained to Santander. In summary, their key concerns were:

- The service they received was very slow and inefficient, causing long delays. They said this made the experience of buying what would have been their first home a stressful, painful, and eventually unsuccessful one.
- It took almost three months to receive a mortgage offer, which was too long.
- Santander returned with an offer for a smaller loan amount which made it very complicated when trying to proceed with the property purchase.

Santander issued its final response letter on 23 August 2024, which didn't uphold the complaint. In summary, it said it hadn't identified any delays or failure to meet its service standard of responding to enquiries within five to seven working days.

Unhappy with Santander's response, Miss O and Mr P asked this Service to consider the complaint.

Our Investigator said he didn't think the complaint should be upheld. Miss O and Mr P didn't accept the Investigator's conclusions and asked for an Ombudsman review. In summary, they said:

- There was an accumulation of delays caused by Santander. They didn't think it reasonable for it to rely on its service standard of responding within five to seven working days on each occasion they responded to its enquiries or information requests.
- It should have told them sooner that it wasn't willing to offer the full loan amount they'd requested.
- They referred to the Consumer Duty and asked whether a mortgage lender has a duty to respond quickly and appropriately. They didn't think it was reasonable, overall, for Santander to take as long as it did to issue its mortgage offer.
- They felt that if Santander hadn't contributed to delays, which were stressful, things might have been different.

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.

Miss O and Mr P have referred to the regulator's Consumer Duty. I've considered Santander's obligations in relation to this, along with other relevant law, regulations, codes of practice, and what I consider to have been good industry practice at the relevant time when deciding what I consider to be fair and reasonable in all the circumstances.

I've reviewed the timeline of events, and in particular the notes from the electronic system used by Santander and the broker to communicate and progress the application. Those notes are contemporaneous so I'm satisfied I can rely on them as an accurate record of what happened.

It's difficult to say how long a typical mortgage application should take to complete as it is often dependent on many different factors. Santander's responsibility was to process Miss O and Mr P's application and make a lending decision as soon as it was reasonably in a position to do so. Overall, I'm satisfied it did that. I'll explain why.

The mortgage application was submitted to Santander on 22 December 2023. Santander initially declined the application on 27 December 2023 because of adverse information recorded on Miss O's credit file. The broker appealed against the decision and submitted further information in early January 2024 and then there was a considerable amount of back and forth between the parties involved. Santander's records show that, among other things, it was taking a detailed look into several matters including Mr P's employment situation and his income. Santander needed to establish the correct income to use for Mr P to assess affordability.

The nature of mortgage regulation and the requirement to evidence affordability (which is an important consumer protection) does sometimes mean a lender has to ask lots of questions or request extensive information. Some back and forth between parties and administrative inconvenience is to be expected.

That said, I think some of the back and forth here could have been avoided had Santander made a more comprehensive request for the information it needed about Mr P's employment and his income on 22 December 2023. I say this because Santander's record on that date says:

"Broker confirmed [Mr P] is a contractor via umbrella company, explained our stance with this ..."

While Santander requested some of the information it needed that day (last two years of P60 information and the contract with the company Mr P was assigned to work for), it wasn't until 17 January 2024 that it clarified it needed Mr P's current "full employment contract" and also the previous two contracts.

Given that Santander was aware on 22 December 2023 of Mr P's employment circumstances, and it had considered its "stance with this", I think it was reasonably in a position to anticipate it would need the additional information it later requested, and it could have asked for this then or sooner than it did do. Had this happened, I think it would have received this information sooner, and it would have been able to determine and communicate the maximum loan amount of £486,000 sooner than it did do.

However, Miss O and Mr P needed more than this to purchase the property. So, an earlier determination of the maximum loan amount wouldn't have enabled Miss O and Mr P to move forward with the property purchase sooner.

I understand Miss O and Mr P were disappointed not to be offered the full amount they requested. I've reviewed the documentation on file and there's nothing to suggest Santander gave any guarantee it would lend the full amount requested. I would have expected Miss O and Mr P's broker to have explained to them at the outset that an offer for the full amount - or any amount at all - would only be made if the application met Santander's lending and affordability criteria.

Importantly, it wasn't until 20 February 2024 that the broker communicated to Santander that Miss O had received a salary increase that month. He attached a copy of her payslip for that month and asked for the maximum loan amount to be reviewed considering this.

Santander reviewed things again, and on 29 February 2024, which was seven working days later, it told the broker the maximum loan amount had increased to £498,000. I don't think Santander's further review took an unreasonable amount of time in the circumstances, especially considering the broker had also requested a change of product on 20 February 2024, which would have involved some additional administration work. It also met its service standard to provide a response within five to seven working days.

I can also see that on 29 February 2024, Santander noted that it still needed further evidence of funds because it had calculated a shortfall of around £10,000 taking into account the amount needed for the deposit, stamp duty, legal fees and moving costs and it requested further evidence of this. After carefully reviewing the information available to me, I can't see this was fully responded to by the broker.

Further, the notes show that it wasn't until 8 March 2024 that the broker informed Santander that the loan amount of £498,000 would meet Miss O and Mr P's requirements. I understand this was due to them having negotiated a lower purchase price.

Santander reviewed the application again on 12 March 2024, which was just two working days later, and approved the application. Santander's notes show, among other things, that the application was approved on the basis that Miss O and Mr P would have had several months since the application started to accumulate more savings to cover costs. A mortgage offer was issued the next day on 13 March 2024. I don't think this further review took an unreasonable amount of time in the circumstances.

Given that there were other legitimate matters outstanding when I consider there to have been some avoidable back and forth concerning Mr P's employment and income, and the fact that Miss O and Mr P wouldn't have been able to obtain the higher loan amount needed until after Miss O received a pay rise in February 2024 – and they didn't confirm this amount was acceptable until early March 2024 - I'm not persuaded Santander would have been in a position to make its mortgage offer for the higher amount sooner than it did do.

I'm also not persuaded that, overall, the mortgage application took an unreasonably long time in the circumstances. And while I've found there was some delay in requesting information about Mr P's circumstances, that didn't make any difference in the end – it just delayed Santander telling them the lower maximum amount, which would never have been enough anyway. It had no impact on the time it took Santander to confirm it could lend what they needed, which could only be done once it learned of Miss O's pay rise in February 2024.

Miss O and Mr P have said they feel things could have been different. I've thought about this very carefully, and I don't agree. Considering all of the circumstances, including the unfortunate medical event Mr P's father experienced in February 2024 which meant he was no longer able to gift the intended £75,000, and that before then – before Miss O's pay rise – Santander couldn't have lent what they needed even with the gift, I don't think it would be fair to conclude Santander was responsible for Miss O and Mr P not being able to complete the property purchase before Miss O and Mr P say the goodwill of the seller of the property ran out.

I do understand that this was a very difficult and frustrating time for Miss O and Mr P, but for the reasons that I've explained, I'm not satisfied Santander has acted unfairly or unreasonably in the circumstances of this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O and Mr P to accept or reject my decision before 21 October 2025.

Michelle Griffiths
Ombudsman