

The complaint

Mr O told us his house purchase fell through, leaving him with substantial costs for a failed transaction. He complains that this was all the fault of Santander UK Plc, because it made a mistake in his mortgage offer.

What happened

Mr O said that he was moving home, and took out a mortgage with Santander to fund his purchase. Mr O said another adult lives in his home, but this person isn't a party to the mortgage. Because of that, he had to supply Santander with an adult occupier statement. He said this was completed and loaded to the Santander portal on 29 October 2024, not long after he made his application.

Mr O said in late January 2025 he was ready to exchange on the property, when it came to light that Santander had overlooked the adult occupier form, and issued the mortgage offer incorrectly.

Mr O said Santander wouldn't talk to him directly because he'd made his application through a broker. And he said his broker didn't manage to get the offer changed. So Mr O said he wasn't able to exchange contracts.

Mr O said despite all the efforts, this directly resulted in the chain collapsing due to the seller losing their property and being unable to find another.

Mr O said when he complained, Santander accepted this was its mistake and offered £250 to make up for what had gone wrong. And it also said when Mr O knew how much this had cost him, he should put in a claim for those costs. But when he submitted those costs, Santander wouldn't pay.

Mr O said those costs were very substantial, adding up to over £11,000. He said he'd offered to accept a little less than half that, but Santander wouldn't pay. So now he wanted it to pay the full amount. Mr O also told us the impact that this failed purchase had on his family.

Mr O has shown us evidence that Santander did pay £250, and that it invited him to send details of further costs at that time. It appears that Santander initially accepted that it made an error in not issuing a mortgage offer which referred to this third party, at the outset. But by the time this complaint reached our service, Santander said it no longer thought that what had gone wrong here was its fault.

Santander said when Mr O's application was sent to it on 21 October 2024, the details supplied showed no one else aged over 17 would be living in the property. On 29 October 2024, the broker uploaded a note saying another adult would be living there. But Santander said it had issued an offer based on the application made to it. Santander said it wasn't the underwriter's job to amend the offer to reflect the information subsequently uploaded by the broker. It said that, because the adult wasn't financially dependent on Mr O, this wouldn't affect the underwriting of his application.

Santander said the offer it issued on 21 November 2024 specified that Mr O's solicitor would need to provide a deed of consent for anyone aged over 17 who would be living in the property. Santander said it reissued the offer, to name the other adult living in the property, after that was received.

Santander also said Mr O had changed his solicitors after he made his original application. But when it got details of new solicitors on 8 January 2025, the name and the address for those solicitors was wrong. It got the correct details on Friday 17 January 2025 and issued a revised mortgage offer to those new solicitors on Tuesday 21 January. This offer was also subject to the condition that solicitors would need to provide a deed of consent for anyone aged over 17 who would be living in the property.

Santander said Mr O's new solicitors then contacted it on Monday 27 January to tell it about an adult occupier who would be living in the property. The solicitors asked for an urgent reissue of the mortgage offer and said completion was due either that day or the next day.

Santander said it did provide that revised offer the next day, so it didn't know why this sale had fallen through and the mortgage hadn't completed. Santander didn't think what had gone wrong here was its fault. But Santander said it felt it had raised Mr O's expectations because it had suggested it might cover additional costs, so it said it would like to pay him an extra £150 now to recognise the disappointment he would feel, on finding out that these costs were not going to be covered.

Our investigator didn't think this complaint should be upheld. She said Santander's mortgage offer was clear that Mr O's solicitor would need to check if any other adult over the age of 17 was living in the property as well as Mr O, and if so, they must provide a deed of consent. This deed of consent was only provided to Santander on 27 January 2025. By the following day, 28 January 2025, Santander had issued the solicitor with an updated mortgage offer which explicitly named the adult occupier in the property. So our investigator thought the solicitors should have been able to exchange contracts within their stated timeframes. She couldn't see that the collapse of the chain was solely due to Santander's action. Because of that, she felt the offer it had made was fair and reasonable.

Mr O replied to object. He said Santander should cover at least half of the costs he'd incurred. He stressed that Santander had information on the adult occupier since October, so he said the offer it issued should have reflected that. It didn't, and Mr O said it was this negligence on Santander's part that resulted in the chain collapsing.

Mr O said Santander had clearly anticipated paying much more than the £250 it initially gave him, and he still thought he was owed that. But our investigator didn't change her mind. She still thought Santander acted quickly to re-issue the mortgage offer when this was requested, and in time for when exchange of contracts was planned. So she couldn't say this problem was why the chain collapsed. She also said Santander agreeing to review Mr O's costs didn't mean it was obliged to pay them now.

Mr O wrote to clarify that the seller did not withdraw, they lost their rental property instead so had nowhere to move into. He said this was due to the delay Santander caused. Because no agreement was reached this case came to me for a final decision. And I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it in part. This is what I said then:

I understand that Santander does require any adult occupier of the property, who isn't going to be named on the mortgage, to be mentioned in the offer document. And I also understand that Santander now doesn't accept responsibility for the original mortgage offer not having named the third party who was going to be living in Mr O's new home. Santander said its offer reflected the application made to it.

But Santander's own notes show that by 21 October it had realised Mr O had mentioned an adult associate on the application form, but had ticked "no" to say there wouldn't be any other adult living in the property. So Santander knew then that something had gone wrong. And it seems likely that Santander raised this with Mr O's broker, because it was shortly after this, on 29 October, that the broker sent Santander details of the adult who would be living at the property.

I think the mortgage offer should have been reissued by Santander at this point, mentioning this person. Because the mistake wasn't picked up at this point, I do think Santander should pay some compensation for this.

But that doesn't mean that Santander has to pay all the costs that Mr O would like it to cover.

Santander says that Mr O's solicitors could also have picked up this mistake earlier. Of course, it would have been difficult for the solicitors actually acting for Mr O in this sale to do things a lot earlier, because they only got the offer from Santander on 21 January. But that isn't Santander's fault. It isn't responsible for Mr O changing his solicitor after his application was made, and it isn't responsible for the fact that the details of the new solicitors that it was given, were initially incorrect. I think Santander acted promptly to issue a new offer, once it had the right contact information for the solicitors Mr O wanted to use.

So those solicitors received a mortgage offer, which didn't name the other person living in Mr O's house, on 21 January. I do think this offer should not have contained an error, at this point. But when it was sent to the solicitors, there was still plenty of time for this error to be identified and corrected. It wasn't picked up until almost a week later, when Mr O wanted to exchange. Because of that, whatever my decision on Santander's actions here, I would not be able to say that Santander was solely to blame for Mr O's house purchase falling through.

It was a little before 2pm on the afternoon of 27 January, when Mr O's solicitor asked Santander whether its mortgage offer ought to name the adult occupier, whom the solicitors were apparently aware of. Santander said yes, so the offer would need to be reissued, and it rushed to do so, providing a new offer just before 4pm the next day.

The solicitor had said she would need a new offer on 28 January, and did warn that the chain was in danger of collapse, if this wasn't provided. So it is possible that the collapse of the chain could have been caused by the mistake in the offer. But I have found it difficult to see that this was in fact the case, on the evidence I have.

I asked Mr O if he could send us any additional information on this. Mr O sent me an e-mail from his estate agent, saying the sale had fallen through because a formal mortgage offer was never issued. However, Mr O had held a formal mortgage offer since 21 November 2024. We know there was a mistake in that offer but we also know Mr O's offer was corrected and reissued on the day he wanted to exchange.

When I wrote to Mr O about this case, I said that, unfortunately, house purchases do fail for all sorts of reasons. And I explained that, before I could consider whether to uphold

this complaint and make the payments Mr O would like, I'd need to be confident that the initial mistake on the offer is what caused this purchase to fall through.

I've looked carefully at all the evidence that Mr O has provided, but unfortunately, I have nothing to show me why it wasn't possible to complete on 28 January 2025, after Santander had issued its revised offer. Mr O said things went wrong because of the seller's failure to secure a rental property to move into. But I don't have anything to show that this was a result of Santander's initial mistake on the offer. And even if I did have this evidence, I'd still have to take account of this mistake not being picked up earlier by Mr O's solicitor.

So, in summary, I do think the mistake Santander made would have caused Mr O stress and inconvenience, at what was already a very stressful time. And I do think it's Santander's fault that the initial mistake was made. But I don't think it's Santander's fault that this mistake wasn't discovered until the point of exchange on Mr O's purchase. And I also haven't been able to see that it was this mistake that caused the seller to lose their rental property, and in turn caused the chain to collapse.

For those reasons, I don't think Santander has to pay the substantial costs that Mr O would like. I do think it should pay a little more than the £150 it has offered. I think Santander should pay Mr O £450 now, on top of the £250 it has already paid.

I understand that this will come as a disappointment to Mr O, but, on the evidence I've seen to date, I don't think Santander has to do more than that.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

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.

Santander replied to accept my decision. Mr O replied to accept, but said he did so reluctantly. Mr O said this didn't cover the time and stress placed on him and his family, and reminded me of the position of his family which meant this stress had a particularly significant impact on them. He said this was minimal compensation for this level of failure. But Mr O said he'd had enough of the ongoing situation, and felt he had no choice but to accept, and be significantly out of pocket.

Mr O said he hoped Santander would improve its services, and said what went wrong here happened because Santander wouldn't speak to him, it would only speak to his broker. And he felt that Santander's offer of additional compensation, which he said was then withdrawn, was dishonest. Mr O said he wasn't going to do any business with Santander in future.

It is, of course, up to Mr O who he chooses to bank with, and he's free to change his banking arrangements if he wishes to do so. But it wouldn't be appropriate for me to take Mr O's decision on that into account here.

I appreciate that Mr O would find it disappointing not to have his complaint upheld at provisional decision stage. I hope that decision set out for Mr O that he could have provided our service with further argument or evidence at that stage if he wished to do so. But I understand he now wants to bring this case to a close. So I'll respond briefly to the points he has made.

I should say that I don't think what went wrong here, happened because Santander wanted to talk to Mr O's broker rather than directly to him. I've seen evidence that Santander was communicating with Mr O's solicitor to resolve the problem.

I also don't think Santander did commit itself to covering all of the costs that Mr O asked me to include in my award. The message from Santander that he shared with us says *"..if you would like us to review any further costs that you have incurred, please send them for review..."* So I don't think Santander did more than say it would consider paying these further costs. And it did then decide not to do so. I realise Mr O would be very dissatisfied by that decision, but I don't think that is dishonest.

For those reasons, I haven't changed my mind. I'll now make the decision I originally proposed.

My final decision

My final decision is that Santander UK PLC must pay Mr O £450 in compensation, in addition to its previous payment of £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 15 September 2025.

Esther Absalom-Gough

Ombudsman