

The complaint

Mr O complains that Santander UK Plc treated him unfairly regarding his mortgage arrears. He asks that Santander pays compensation and removes adverse data from his credit file.

What happened

Mr O's mortgage with Santander has been in arrears since 2019. Mr O says Santander hasn't treated him fairly. He brought complaints to our service in 2021 and 2024.

Mr O's current complaint is that Santander misled him about his options in January 2025, suggesting he could capitalise his arrears or agree a payment arrangement. In fact, these options were not available to Mr O. This was because he was letting the property without consent and the length of time that the mortgage had been in arrears. Mr O says Santander should have told him this, so that he could move back into the property or restructure his finances.

Mr O said Santander referred in a letter to an active court order. He says this court order should have been cancelled after his previous complaint was upheld.

Our investigator said Santander didn't have to give details of its internal policies to Mr O. She said its offer of compensation (£150 in total) was fair for the disappointment and inconvenience caused by it suggesting to Mr O that he might be eligible for forbearance measures when that wasn't the case.

Our investigator said we can't look into Mr O's complaint about a court order, as this hadn't been raised with Santander.

Mr O didn't agree. He said his complaint was about Santander's duty of clarity and fair communication – in particular that it didn't disclose relevant criteria for capitalisation and its limit for repaying arrears until after he'd made decisions.

Mr O said he was in a catch-22. Santander wouldn't capitalise the arrears because he'd let the property without consent. And it wouldn't give consent to let because of the arrears.

Mr O said the adverse data on his credit file affected his ability to manage his finances. And the £150 didn't reflect the time he's spent dealing with the matter and the uncertainty.

Mr O asked that we also look into his complaint about a court order, which he says is within scope.

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.

Mr O says he accepts that lenders aren't obliged to offer capitalisation. He says Santander should not have led him to believe this was an option in January 2025, only to tell him later he wasn't eligible. That was because Mr O wasn't living in the property – he was letting it out

without consent.

Santander knew Mr O had let the property without consent and wasn't living there. It should not have suggested capitalisation was an option. Santander corrected this seven days later when it told Mr O capitalisation was not an option. I think £75 compensation is fair and reasonable for any disappointment and inconvenience caused to Mr O.

Mr O said if he'd known capitalisation was only available if he was living in the property he'd have made different decisions – for instance moving back into the property, restructuring his finances or negotiating differently.

I'm not persuaded Mr O made decisions of any significance during the short period he thought capitalisation might be an option. He didn't provide evidence that he did so. I think it's unlikely he'd have been able to evict his tenant and move back into the property, or restructure his finances in that seven day period. Santander wasn't responsible for Mr O's decision to let the property without consent, in breach of the mortgage terms and conditions.

It's not clear what Mr O means by negotiating differently. The purpose of Santander's discussions with Mr O was to consider what options (if any) were available to help him get his mortgage back on track.

Mr O says Santander recorded negative markers in early 2025 directly as a result of him following its advice to wait while capitalisation was being considered. Mr O provided a copy of his credit report which shows Santander recorded the mortgage as six months in arrears in January 2025.

Santander has to report accurate and up to date information to the credit reference agencies. The negative markers were recorded as a result of the mortgage being in arrears with no arrangement in place. The position would not have been different if Santander hadn't wrongly suggested to Mr O that capitalisation might be an option. Santander said it wouldn't agree further payment arrangements with Mr O, and it seems he was not in a position to repay the arrears in full.

Santander didn't agree a new payment arrangement with Mr O in early 2025. It said this was due to the unauthorised letting of the property and the amount of time that the account had been in arrears.

Mr O said Santander didn't tell him it had a two-year time limit to repay arrears, or that some earlier arrangements were outside its own policy. He says because he didn't know this he was unable to plan effectively, which worsened his arrears. Mr O says the two-year period to clear the arrears should restart from when he was told about it.

Santander doesn't have to share its internal policies with Mr O. But even if there is a limit on how long Santander will continue to agree payment arrangements and Mr O had been told this, it's not clear how he'd have planned differently. When Santander agreed payment arrangements with Mr O, the aim was for him to clear the arrears as soon as possible, taking into account what Santander assessed as affordable based on the information Mr O provided. Mr O's circumstances meant he was unable to make any significant inroads into repaying the arrears and this would have been the same regardless of what he knew about Santander's forbearance policies.

Santander says it set up payment arrangements with Mr O outside its policy. It paid compensation of £75 for this. I think that's fair.

The court order

Santander wrote to Mr O in mid-February 2025 about the arrears. The letter said it might take legal action and referred to an active court order against his account. Santander said it was referring to a suspended possession order issued in mid-2022. The court order required Mr O to make payments of £100 per month towards the arrears (about £20,000 at that time), in addition to his contractual monthly payments.

Mr O says the court order should have been cancelled because his previous complaint with us was upheld. My colleague's final decision said Santander should not have started legal action in May 2023, and it should refund related legal costs, amend Mr O's credit file to show an arrangement in place between May 2023 and September 2023 and pay compensation. The decision didn't require Santander to cancel the 2022 court order. I'm not revisiting or re-considering the issues considered as part of that complaint.

If Mr O has a new complaint related to the court order he should first raise this with Santander. If he considers it unfair that Santander hasn't given him consent to let the property he should raise this with Santander. As he hadn't done so before bringing this complaint to us, I can't consider these issues here.

What happens now?

Mr O's mortgage account has been in arrears for some years, and he's been unable to repay or even reduce the arrears (which were over £20,000 in mid-2025). Some of Santander's forbearance options are not available due to him letting out the property without consent, in breach of the mortgage terms and conditions. Santander received notices from the property freeholder in February 2025 and April 2025 that Mr O owes nearly £20,000 for unpaid rent, service charges and other costs. This suggests Mr O is not only struggling with mortgage payments, he's also struggling with other costs related to the property.

Mr O has said that if he'd known more about Santander's policies he'd have acted differently. If Mr O is in financial difficulties it seems unlikely he'd have been able to do more towards clearing the arrears. If Mr O is saying that he was in a position to do more towards repaying the arrears, then I think it's reasonable for Santander to expect him to have done so, regardless of what Mr O knew about its internal policies.

Santander says it agreed payment arrangements outside its policy. It made an error when it suggested to Mr O in January 2025 that capitalisation or further payment arrangements might be available. But, for the reasons I've set out above, I don't think this makes it fair and reasonable in the circumstances to require Santander to offer these options to Mr O outside its policy, give him a further two years to repay the arrears, remove information recorded on his credit file or pay further compensation.

Santander paid £150 to Mr O. I think that's fair and reasonable in the circumstances.

My final decision

My decision is that I do not uphold this complaint. That's because I think Santander UK Plc has done enough to put matters right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 18 December 2025.

Ruth Stevenson

Ombudsman