

The complaint

Mr C has complained about how Santander UK Plc has treated him when his interest only mortgage term ended. He said Santander was too aggressive in its demands for the mortgage to be repaid and hadn't taken into account his efforts to resolve the position.

Mr C has been represented in this complaint. I will only refer to Mr C in this decision, but that should be taken to mean the representative acting on his behalf where appropriate.

What happened

I won't detail the full background to this complaint as it is extensive and goes back a few years. Instead, I will just highlight some points to give context to the complaint.

Mr C took out this mortgage in April 2008 through an independent mortgage broker. He borrowed £500,499 (including fees) over a 15-year term on an interest only basis.

In April 2018 Santander wrote to Mr C to say his mortgage term would be ending in five years on 28 March 2023. Further letters were sent in April 2020, March 2021, December 2022 and February 2023.

On 27 February 2023 Mr C wrote to Santander referring to recent correspondence regarding his mortgage coming to the end of its term. He said he planned to settle the mortgage balance by selling another property that was part of a trust to which he was a beneficiary. He said *"On the condition that interest payments continue to be made in the interim, are you able to agree a timeframe of say, 18-24 months to allow the trustees time to sell the property and realise funds?"* I understand Santander didn't formally respond to Mr C's request.

It appears from the transaction history that payments were made until May 2023, and then Mr C made no more payments to the mortgage until the end of October 2024.

Following a hearing on 27 November 2024, an Order for Possession was issued on 12 December 2024 which said Mr C should give Santander possession of the property on or before 22 January 2025. The attendance note for the hearing said that Mr C had told the court he needed 18 to 24 months to complete the sale of the property, with the judge saying that was too long and instead granting 56 days to allow Mr C time to progress the sale.

In the meantime, Mr C had complained to Santander. It responded on 14 November 2024 and 17 January 2025, not upholding his complaint.

The complaint has been looked at by two of our Investigators and both found that Santander hadn't acted inappropriately. Mr C didn't agree and so the case was passed to me to decide.

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.

Mr C has said he didn't receive the letters that were sent to him in April 2018, April 2020, March 2021 and December 2022 to remind him that the mortgage term was ending. It appears he did get the February 2023 one as it seems that is what prompted his letter to Santander that same month. All the letters were correctly addressed in exactly the same way and the notes show they were sent. Most correctly addressed post is delivered. It seems unlikely that Santander would have chosen to generate all the letters, and then not send any of them, and it also seems unlikely that all the letters were lost in the post. So, on balance, I consider it more likely than not that Mr C received at least one (if not all) of them.

In addition, mortgage statements were sent every year throughout the 15-year mortgage term. The mortgage statements explained this was an interest only mortgage and Mr C needed to repay the full balance when the mortgage term ended in March 2023 so even if Mr C didn't receive any of the above mentioned letters, he was still on notice that he needed to repay his mortgage on, or before, March 2023.

It was Mr C's responsibility to be ready for that moment, and that should have been, if he was intending to sell another property, ensuring it was on the market at a realistic price in advance of the term ending, so a sale would complete before the term ended. Putting the property on the market when the term ended and it remaining there for months unsold until it had to be taken off the market due to a fire, and then once it was back on the market it again not selling for many months isn't entirely reasonable. It appears the property was on the market for around five months in 2023, and then over a year in 2024/2025 with the final asking price being £400,000 compared to the previous asking prices of around £600,000 and £500,000.

Mr C hasn't explained why he needed a term extension of 18 to 24 months to sell the property as this was before the fire. Generally, around 6 months to a year is more than sufficient time to sell a property if it is on the market at the right price. And in any event even if it was reasonable to take silence from Santander as agreement to Mr C's request for a term extension of 18 to 24 months (which I'm not saying it was), part of that "agreement" was Mr C saying it was "*on the condition that interest payments continue to be made in the interim...*". But Mr C breached that as the last payment he made was in May 2023, until he restarted his payments in October 2024, the month before the court hearing for possession.

Mr C has said he didn't make the payments because he was carrying out repair and upgrade work at his residential property so he could rent it out through Airbnb. But a mortgage is a priority debt, and the monthly payments aren't optional. Mr C has said that Santander told him he could stop paying but there's no evidence to support that and it would be very unusual. It also doesn't tie in with Santander chasing him for payment. Mr C has said there were no letters sent to him between April 2023 and August 2024, when he suddenly heard from Santander's solicitors without warning. But that isn't correct. Arrears letters were sent, and Mr C refused two field agent visits (one in September 2023 and the other in April 2024).

So, in summary, even if it could be said by not replying to Mr C's February 2023 letter that Santander agreed to a 18 to 24 month extension (which, to be clear, I'm not saying either way), that agreement would have ended in June 2023 when Mr C broke his part of the agreement to continue to make the monthly interest payments.

The term ended in March 2023 and at that point the full mortgage balance became due. In addition, Mr C didn't make any payments between June 2023 and September 2024, so the balance was increasing. Lenders must show forbearance and the fact Santander only

instructed its solicitors in July 2024 by which time the mortgage balance was 16 months overdue, and no payments had been made for 14 months shows that.

Mr C has said if he'd known selling the second property wasn't acceptable he would have done something different, such as putting the security property on the market. But selling the second property was acceptable to Santander and there wouldn't have been a problem if Mr C had made his monthly mortgage payments and a sale had gone through in a reasonable timeframe. The problem came about because Mr C stopped making his payments and the second property remained unsold. Mr C had the option to do something different at any time – he didn't need Santander to tell him that.

Santander should have formally responded to Mr C's request for a term extension in February 2023, and having reviewed everything it seems there may have been other times that Santander (or its solicitor) didn't respond to Mr C (or his solicitor) as it should. But even if responses had been sent, I'm satisfied it wouldn't have changed anything, and Mr C would have been in the same position as he found himself in. The issue was that Mr C wanted to repay this mortgage by selling the second property, but the second property remained unsold for over two years, and in that time Mr C also stopped making payments to this mortgage.

I understand from a recent email we've received from Mr C's solicitor that the second property has been sold, and it holds the proceeds of that. It said Mr C has a mortgage offer for the security property for the balance, and the only barrier to that completing is a historic Land Registry restriction which the Family Court has ordered be removed. The solicitor said, once the restriction is removed, the remortgage will complete and the proceeds from that and the sale of the second property will be passed to Santander to redeem its mortgage.

I hope matters will be resolved for Mr C shortly, but I should warn him that whilst his solicitor has said he continues to make payments whilst things are resolved, it's not enough to keep doing that indefinitely. The mortgage needs to be repaid as it is now approaching three years since it fell due and if matters are not progressed Santander can look to enforce the November 2024 possession order. I'm not saying Santander will, or should, do that, I just want to make it clear to Mr C that is something it might consider if his remortgage doesn't complete soon so I would urge him to keep Santander informed of the progress.

My final decision

I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 February 2026.

Julia Meadows
Ombudsman