

The complaint

Mr and Mrs H complain about poor service and lack of support from Santander UK Plc after the term of their interest only mortgage expired.

What happened

Mr and Mrs H took out an interest only mortgage in 2008. The term expired in 2018. Santander agreed a term extension to mid-2021 and a further extension to August 2022, each time with a preferential interest rate. It says it couldn't offer a further extension on an interest only basis due to Mr H's age.

In mid-2022 Mr H told Santander they intended to sell the property. In late 2022 he told Santander he was arranging for the property to be marketed for sale. In mid-2023 Mr H said they had a buyer and would provide an update. Santander says it didn't receive an update and in September 2023 it instructed solicitors. The sale of the property completed in mid-April 2024.

Santander says while Mr H gave updates he didn't provide the evidence it needed to hold legal action (such as a memorandum of sale and proposed completion date). Santander said it couldn't offer a new interest rate product after the mortgage term had expired.

Mr H says Santander didn't agree to the support they needed (a hold on legal action and a lower interest rate). He said they paid interest at the standard variable rate (SVR) while they tried to sell the property, which they struggled with. And Santander threatened legal action and added legal fees to the mortgage, despite them being close to completing a sale of the property.

Mr H says he had to repeat everything each time he called Santander. Mrs H had a severe medical event in October 2023 which Mr H says was due to the behaviour of the estate agent. Mr H says Santander put pressure on them and he'd have liked to have a contact at Santander with authority to take a holistic approach. Mr H questioned why interest and fees were added to the account after they repaid the mortgage.

Our investigator said Santander couldn't offer a new interest rate after the term had expired, and it didn't make an error when it applied the SVR. She said Mr and Mrs H didn't provide the evidence it requested, such as a memorandum of sale, to hold action and it was entitled to add the legal fees to the mortgage. Our investigator said Santander explained the redemption amount.

Mr and Mrs H didn't agree. Mr H said he gave Santander regular updates when he made monthly payments, and provided all of the information it requested. He said Mrs H's medical condition meant they couldn't provide completion dates.

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.

We provide an informal dispute resolution service. While we take relevant law, regulation and good industry practice into account we make decisions based on what's fair and reasonable in the circumstances. Mr H asked to speak to the ombudsman reviewing this complaint, to explain what had happened. Having reviewed the available evidence, I'm satisfied that I can reach a fair decision.

When Mr and Mrs H took out the mortgage they agreed to repay it. It's reasonable as a starting point for Santander to expect them to make arrangements to repay the mortgage when the term expired. Mr and Mrs H didn't go ahead with their original plan to sell the property and move to another part of the country due to the Covid-19 pandemic. Santander extended the mortgage term twice, which allowed Mr and Mrs H more time to look into their options. It wrote to Mr and Mrs H to remind them the balance was due in August 2022.

I appreciate that events outside Mr and Mrs H's control impacted the sale of the property. The property market was affected by mortgage interest rates increasing in late 2022. And, as well as the emotional impact and worry, the medical event that Mrs H suffered in late 2023 created practical difficulties that could have delayed the sale.

Mr and Mrs H say Santander didn't agree to the support they needed – that is, to hold legal action and apply a lower interest rate.

Once the term expired the SVR applied, in accordance with the mortgage terms and conditions. Interest rate products are in place for a fixed period of time. I wouldn't fairly expect Santander to offer a new interest rate after the term has expired.

Santander didn't instruct solicitors until September 2023, over a year after the term expired. I think Mr and Mrs H had a reasonable opportunity to look into their options for repaying the mortgage before Santander started legal action. Mr H told Santander they intended to sell the property. But he didn't provide evidence of a sale – or another credible proposal – to repay the mortgage within a reasonable time. Mr and Mrs H were struggling with the monthly mortgage payments and the mortgage balance was increasing due to the unpaid interest. I think it was fair for Santander to instruct solicitors in September 2023.

In late September 2023 Mr H told Santander they'd agreed a sale which he expected to complete within eight weeks. In early November 2023 Mr H told Santander that Mrs H had suffered a medical event. He told Santander the sale was moving ahead and they hoped to move in December 2023. Santander asked if Mr H wanted it to look into what support it could offer regarding Mrs H's health. It seems Mr H didn't take this forward at that time.

In early November 2023 Santander told Mr H it could hold action if he provided the memorandum of sale and the completion date. In January 2024 it asked Mr H to send the contract he said he'd signed and the equity release offer for the shortfall. In February 2024 Santander received a memorandum of sale (which didn't have a completion date) and a medical letter about Mrs H's condition. Santander asked the solicitors to put a six week hold on action and adjourn a hearing scheduled for March 2024.

The sale of the property completed in April 2024.

The mortgage terms and conditions say Santander can apply legal fees to the mortgage account. As I said, I don't think it was wrong or unfair for Santander to instruct solicitors. I think it's fair for it to apply the legal fees to Mr and Mrs H's account. Santander said it would hold action if it received suitable evidence of a sale, which I think is fair. Santander asked the solicitors to hold action in early 2024 when it received the memorandum of sale and medical

letter.

Mr H told Santander on 12 April 2024 the property sale would complete on 17 April 2024 (three working days later). This wasn't enough time for Santander to issue a redemption statement in time for completion. Santander added interest accrued to the redemption date and solicitors fees to the mortgage account after the redemption date. I don't think that was an error or unfair, in the circumstances. It explained this to Mr and Mrs H.

I appreciate this was a difficult time for Mr and Mrs H, especially given Mrs H's medical condition. But I think Santander treated them fairly in the circumstances.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 12 December 2025.

Ruth Stevenson
Ombudsman