

The complaint

Miss F complains that Santander UK Plc didn't treat her fairly when she wanted to port her mortgage. She asks that it refunds the early repayment charge (ERC) she paid.

What happened

Miss F had a mortgage of about £173,000 with Santander on an interest only basis. She'd taken out a fixed interest rate product in early 2023. An ERC was payable if Miss F repaid the mortgage during the product term. Miss F wanted to move home and contacted Santander about porting.

Miss F says Santander issued an agreement in principle, possibly in September 2024. Her purchase fell through. Miss F found another property to buy. However, when Miss F made a porting application Santander said it would only lend £88,000. That meant Miss F had to pay an ERC on part of the mortgage, as it wasn't all ported. Miss F says she had to use funds for the purchase which she'd intended for renovations and other costs.

Miss F said she had no option but to go ahead as she'd already incurred legal fees of more than £6,000. The mortgage completed in early 2025. Miss F was unhappy that she had to pay a partial ERC, and about the time taken by Santander to refund part of the ERC. She says this affected her mental health.

Santander said it applied its lending policy correctly. It said because Miss F had an interest only mortgage with the sale of the property as her repayment vehicle it requires an equity buffer. Miss F was downsizing and there was a difference (of more than £100,000) between the value of the property Miss F sold and the one she bought. In order to maintain an equity buffer, Santander said it could only lend £88,000.

Santander said it told Miss F's solicitor that it could reduce the redemption amount (to reflect the proportion of the loan that was ported). Santander says the solicitor paid the full amount and so it arranged for a refund to be paid to Miss F.

Our investigator said Santander had acted fairly and in accordance with its lending criteria.

Miss F didn't agree and asked that an ombudsman reconsider the matter.

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 F said she expected to speak to an ombudsman. That's not our usual process and I don't think it's necessary here. Miss F has had an opportunity to send her comments and evidence. I have enough evidence to reach a fair decision about what's fair and reasonable in the circumstances.

When Miss F took out a fixed interest rate product in early 2023 she agreed to the terms, including the ERC. This was clearly set out in the mortgage offer in the form of a table.

Santander was entitled under the mortgage terms and conditions to apply the ERC when Miss F repaid the mortgage.

Miss F says this was unfair. She wanted to port the product to a new loan secured on a new property. Had Santander agreed, the ERC would have been waived.

I think Santander dealt with Miss F's porting application fairly. It was entitled to apply its lending criteria to Miss F's application. There was a significant difference between the value of the property Miss F sold and the one she bought. Santander agreed to lend a lower amount to maintain a level of equity (the equity buffer), in accordance with its lending criteria.

Miss F's porting application was submitted on 2 December 2024. By mid-December 2024 Santander had told Miss F's broker it would only lend £88,000. It issued a mortgage offer on 23 December 2024. I don't think there was any unnecessary delay by Santander in dealing with Miss F's application and giving her a lending decision.

Miss F said Santander issued an agreement in principle in September 2024. From what she said it seems this was for a different purchase, which fell through. An agreement in principle isn't an offer to lend. All applications are subject to the lender assessing the application against their criteria. Lenders can change their lending criteria from time to time and they don't have to notify customers when they do, or provide their lending criteria to customers. Miss F expected her porting application to succeed, but there's no guarantee that a lender will offer to lend until it issues a mortgage offer.

Until Miss F exchanged contracts she wasn't legally bound to go ahead with her sale or purchase. Miss F said she had to go ahead because she'd incurred legal costs of about £6,000. Miss F didn't say why she'd incurred such high legal costs, or why she instructed solicitors to start the conveyancing process before having a mortgage offer. But I can't fairly say this was due to an error by Santander.

The offer issued when Miss F took out the fixed interest rate product in early 2023 said she could make overpayments without paying an ERC, up to an annual limit of 10% of the loan balance. Miss F wasn't making an overpayment here, she was repaying her mortgage in full. I wouldn't expect Santander to reduce the ERC by 10% when she repaid the mortgage. I can't see that Santander misled Miss F about this.

Santander provided evidence that it told Miss F's solicitor it could reduce the redemption amount as part of the loan was ported. I don't think it was because of an error by Santander that the solicitor didn't do this. Santander refunded the money to Miss F, and I don't think there was any unnecessary delay in it doing so.

Miss F was upset that she wasn't able to borrow the full amount she wanted, and that she paid a partial ERC. But I think Santander assessed Miss F's application fairly and applied the ERC in accordance with the terms of her mortgage. I don't think Santander made an error, misled Miss F or treated her unfairly. It follows that I don't think it's fair and reasonable to require Santander to refund the ERC or pay compensation to Miss F.

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 Miss F to accept or reject my decision before 5 January 2026.

Ruth Stevenson
Ombudsman