

The complaint

Mr M and Ms K complain about the way Santander UK Plc dealt with Mr M's application to transfer the mortgage from their joint names into his sole name.

What happened

Mr M and Ms K have separated. A court order requires Mr M to use his best endeavours to release Ms K from any liability under the mortgage.

Santander said it couldn't transfer the mortgage into Mr M's sole name while it was in arrears. It agreed to capitalise the arrears, which completed in early March 2024.

Mr M contacted the change of borrower team in April 2024. By this time the mortgage was in arrears again as payments for March and April 2024 were missed. Santander said the mortgage wasn't affordable for Mr M, so it couldn't transfer it into his sole name.

Mr M says the monthly payments increased after the arrears were capitalised and became unaffordable after he lost his job. Mr M says Santander should have called him after the capitalisation to complete the change of borrower application. Santander said it told Mr M that he'd need to contact the change of borrower team once the capitalisation was completed.

Our investigator said Santander hadn't made an error when it capitalised the arrears, or when it declined the change of borrower application. She said Santander should pay £200 to Mr M for poor service and not telling him that the change of borrower application was subject to criteria and might not be successful. Our investigator said Mr M should talk to Santander and provide the information it needs to see how it can help him.

Santander agreed to pay £200 for poor service.

Mr M didn't agree. He said it was unfair for Santander to do the capitalisation and increase his monthly payments without completing the change of borrower application. He asked that Santander write off the arrears and agree a payment plan or give him six months to refinance or sell the property.

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 complaints resolution service. Our role is to resolve complaints quickly and informally, making a decision about what's fair and reasonable in the circumstances. I appreciate that Mr M and Ms K still need to sort out matters with the mortgage. But we can't keep a complaint open indefinitely. What I have to do is provide a decision about the complaint that was brought to us.

The court order says Mr M must use his best endeavours to release Ms K from any liability under the mortgage. Ultimately though it's for Santander to decide whether to transfer the

mortgage into Mr M's sole name, applying its criteria fairly.

When Mr M contacted Santander about transferring the mortgage into his sole name the mortgage was in arrears. Santander said it couldn't proceed with a transfer of borrower application while the account was in arrears.

Santander is entitled to have internal policies and lending criteria, and to consider its own position, when making a lending decision. Santander offered the mortgage on a joint basis. While the mortgage is in joint names, both borrowers are jointly and severally liable for the debt.

I don't think it's unfair or unreasonable for Santander to say it can't do a change of borrower application while the mortgage is in arrears. This suggests the borrowers are struggling with their mortgage payments. If the mortgage isn't affordable on a joint basis, it's unlikely it would be affordable for one of the borrowers alone. The arrears make it more likely that Santander might need to take action to recover the debt.

It's understandable that Mr M and Ms K want to separate their financial arrangements. But Santander has to follow rules on mortgage regulation which say that lenders have to check affordability before making changes to a mortgage. This includes removing one of the borrowers. It's fair for Santander to assess whether the mortgage would be affordable in Mr M's sole name.

Santander agreed a term extension, to reduce the monthly payments, and applied a lower interest rate. It assessed that Mr M would be able to afford the increased monthly payments after the arrears were capitalised. Santander wrote to Mr M and Ms K setting out what the new monthly payment would be after the arrears were capitalised. They signed to agree to this. The capitalisation completed in early March 2024.

It might have helped Mr M if Santander had explained the next steps more clearly. Mr M asked the staff member dealing with the capitalisation about the change of borrower application and was told he'd need to speak to the change of borrower team. Given that the capitalisation was done so that Mr M could submit a change of borrower application, it might have been helpful if Santander had explained there were criteria to meet and that the outcome wasn't certain. But I don't think this would have changed the overall outcome.

Mr M and Ms K both wanted the mortgage transferred into Mr M's name. The change of borrower application couldn't go ahead while there were arrears. So I think they'd have agreed to capitalise the arrears so that the change of borrower application could proceed, even if they'd been told more clearly that the outcome wasn't guaranteed.

I'd add here that I don't think the capitalisation is the root cause of the problems here. The mortgage was in arrears (of about £30,000) prior to the capitalisation. Santander had been asking Mr M and Ms K for their proposals to repay the arrears. The steps taken by Santander – extending the term, reducing the interest rate and capitalising the arrears – was intended to give them an opportunity to get the mortgage on track and move forwards with the change of borrower application.

In the circumstances, I don't think Santander acted unfairly when it agreed to capitalise the arrears.

Mr M's payments for March and April 2024 were returned unpaid. When he contacted Santander about the change of borrower application the mortgage was in arrears. Santander declined the application, saying it wasn't affordable.

I can't fairly find that Santander should have agreed to transfer the mortgage into Mr M's sole name when it had assessed this as not affordable.

It seems Mr M thought the change of borrower would happen automatically after the capitalisation completed, or that Santander would contact him. I don't think Santander said this. But I think it could have done more to ensure that Mr M understood the process and that he'd need to contact the change of borrower team. However, I don't think this would have made a difference to the outcome of the change of borrower application.

It's unclear when Mr M lost his job. But the mortgage payment collected on 8 March 2024 was returned unpaid. This suggests mortgage payments were not affordable by early March 2024. I can't fairly find that the change of borrower application would have succeeded even if Mr M had made the application immediately after the capitalisation completed.

I don't think it's fair and reasonable to require Santander to write off any arrears. The mortgage isn't in arrears because of an error by Santander. It's in arrears because payments weren't maintained. This was the case both before and after the capitalisation. I have no reason to think Mr M would have been better able to maintain payments if the mortgage was in his sole name.

Mr M has told us about his difficult circumstances, and that he's had difficulty making contact with Santander to discuss the mortgage. Santander says once it has spoken to Mr M and received information about his situation and plans it can consider what support it can offer. Mr M can discuss with Santander the possibility of a payment plan or what support Santander can offer while he looks into refinancing or markets the property for sale.

Santander agreed to pay £200 for poor service during its call with Mr M about capitalising the arrears. While the situation is difficult, and Mr M and Ms K are disappointed that Santander didn't transfer the mortgage into Mr M's sole name, these matters aren't due to an error by Santander. I think for the additional upset caused to Mr M by Santander's poor service £200 compensation is fair and reasonable in the circumstances.

My final decision

My decision is that Santander UK Plc should pay £200 to Mr M.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K and Mr M to accept or reject my decision before 20 November 2025.

Ruth Stevenson
Ombudsman