

The complaint

Mr S' complaint is about a mortgage he has with Santander UK Plc. He considers that Santander mishandled his account and didn't provide appropriate support to him when he was in financial difficulties, which resulted in serious financial and personal hardship.

What happened

Mr S took out his mortgage with Santander in 2020 – he borrowed £190,000 on a repayment basis over a term of 25 years. At the beginning of 2025 a new interest rate product was added to the mortgage. This provided a fixed interest rate until March 2026 and meant that Mr S needed to make payments of just over £1,000 each month – around £260 more than the previous payment he had been required to make.

Mr S missed making the February 2025 payment to the mortgage. He explained to Santander at the beginning of March that he would be able to make the payments for February and March 2025 at the end of the month, when he received his pay from a new job he'd started. However, the payment made at the end of March 2025 was for only slightly over one month's contractual monthly payment (CMP), so the account remained in arrears.

At the start of April 2025 Mr S called Santander and explained that he was struggling financially. It did not start a conversation with him about whether it could do anything to support him. He was told that in order to have the account converted to an interest-only basis for six months, as a debt charity had suggested to him, he would need to bring it up to date. Mr S made another CMP payment during this call. No more payments were made until the end of May 2025, when he paid approximately half of one month's CMP.

Mr S complained to Santander about the lack of support at the end of May 2025.

Santander responded to the complaint in a letter of 10 June 2025. It acknowledged that it had not provided Mr S with support when he'd asked for it at the beginning of April 2025. As such, it offered to capitalise the arrears balance to the mortgage and, once he made an interest payment of £612.21, it would apply a temporary conversion to an interest-only basis for six months. Santander also said that once the account was up to date, it would look into seeing if it could amend what it had reported on Mr S' credit file. In addition, Santander offered Mr S £400 for the lack of support and inconvenience he had been caused.

Mr S accepted Santander's offer, and the changes were made to the mortgage in July 2025. The change to interest-only reduced his monthly payment by approximately £400 per month. However, he was not satisfied with what Santander had offered overall, and he asked us to consider his complaint. Mr S has told us that because he was not provided with support, he prioritised his mortgage payment and could not pay other creditors. This meant that his other creditors placed adverse markers on his credit file, which he either wants Santander to get corrected, or for it to increase the compensation so that he can settle those accounts and restore his financial position.

One of our Investigators considered the complaint and he thought that Santander had done enough to put things right. Mr S didn't accept the Investigator's conclusions. He said that

there had been a pattern of payments being made late over the previous two years, albeit made up in the payment month, which should have indicated to Santander that he was in financial difficulties. As such, he considers that Santander should have proactively offered support. Mr S said that the lateness of Santander's intervention is central to the harm he has suffered; harm which he believes could have been avoided. He considers that if Santander had intervened when it should have, there would have been no harm caused to his credit file.

The Investigator obtained further information and responded to Mr S' comments, however, he was not persuaded to change his conclusions. Mr S remained unhappy and asked that the complaint be referred to an Ombudsman.

Subsequently, Mr S provided copies of statements for the bank account and loan held by the limited company he was director of. He said these showed a pattern of escalating financial difficulty, which Santander was in a position to see as it was happening. He said as Santander had access to all of the information for his mortgage and the limited company accounts, it was not reasonable or credible for it to say that it was unaware of his financial hardship.

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 S has said that he considers that Santander should have monitored his own accounts alongside those of the limited company he was director of, and this would have made it aware of his financial difficulties and undermined his verbal representations. I would firstly say that unless a lender has a good reason not to believe what it is being told by its customer, it is entitled to rely on that information. Furthermore, while Mr S considers the limited company's accounts are his, as he was the sole shareholder and director, that is not the case. Santander as his mortgage lender would not have been able to access the limited company's accounts in order to assess his financial position, as they were not owned by Mr S personally, but rather by a third-party business.

As I have said above, a lender is entitled to rely on what it is told by its customer unless it has good reason not to. Mr S has said that he thinks Santander should have realised by the number of events of payments being made a few days late that there was something wrong. However, I have listened to the calls during which he made payments, and he told Santander that it was simply a case of he hadn't moved money into the right account at the right time for the payment to be made. While Mr S might think that Santander shouldn't have believed that, I don't think it was unreasonable to do so. Some people have multiple accounts that are used for different purposes and move money around between them, and transfers can be made late. I am not persuaded that Santander should have decided, despite what Mr S was telling it, that he was in financial difficulties before he admitted that was the situation in March 2025.

By the time Mr S told Santander that he was in financial difficulties in March 2025, he had already missed the payment for February. As the payment was missed, it is reasonable that Santander reported it as such to credit reference agencies. Mr S was then meant to pay both the February and March payments at the end of March 2025, but he paid less than that amount. The mortgage remained in arrears at the end of that month, albeit by less than one month's payment, so it would not have been reported as arrears to credit reference agencies. So, when Santander first became aware of Mr S' financial difficulties, he was not in a position to benefit from the provisions of the Mortgage Charter, as he was already in arrears.

That situation changed for around a week at the beginning of April 2025 and Santander could have highlighted to him that he would be eligible for the Mortgage Charter, but it didn't do so. I think this was a failing, but I am not persuaded that it had a material affect on what was reported to credit reference agencies. I say this as Mr S' payment at the beginning of April 2025 would not have covered the mortgage payment for that month, even on an interest-only basis; no payment was made at all for May; the payment made in June was also for less than the amount that the interest-only payment would have been. While the outstanding arrears would have been lower, as the capital element would not have been included, the mortgage would still have been in more than one month's payment in arrears in May and June 2025, which would have been reported to credit reference agencies. So, while Mr S thinks that had Santander acted sooner, his credit file would not have been impacted in the way it has been, his circumstances and the events do not support that. As such, I don't consider that Santander needs to make any corrections to Mr S' credit file.

Mr S has said that had Santander acted sooner than it did, he would not have had to pay as much to his mortgage and would have been in a better position with other creditors, thereby reducing the impact of those accounts on his credit file. Mr S was asked to provide his credit file so that we could review what the situation was with his other accounts, but he was unable to provide us with that information. I would also comment that as the only point Mr S would have been eligible for the mortgage charter and interest-only payments was at the beginning of April 2025, and he only made one payment of £500 between then and June 2025, I am not persuaded that he paid more to the mortgage during that period than he otherwise would have.

I now turn to the offer that Santander made to Mr S. As the Investigator pointed out, we would usually expect redress to place the consumer in a position that is as close as possible to the position they would have been in, had the mistake by the financial business not happened. This would mean that the interest-only concession should have started in early April 2025. Given that Mr S was not able to make payments equal to the amount of the interest-only payment between that point and when the offer was made by Santander, he would not benefit from the concession being backdated. Whereas, having the concession from June to the end of the year has the potential to benefit him. As such, I consider the offer was entirely appropriate in the circumstances.

Mr S has said that Santander caused him a considerable amount of stress by not providing support when it should have. As I have already said, I don't think Santander realistically needed to provide support before the beginning of April 2025; around nine weeks before Santander made an offer to remedy the situation. Mr S' overall situation would have been very worrying for him, but that was due to a change in his circumstances which was not Santander's responsibility. The mistake by Santander would have added to that worry and stress, and I have considered carefully whether the amount Santander paid Mr S was sufficient to compensate him for that and I am satisfied that it was.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr S to accept or reject my decision before 28 November 2025.

Derry Baxter
Ombudsman