

The complaint

Mr H complains that Santander UK Plc:

1. Did not apply a payment to his buy-to-let mortgage correctly.
2. Incorrectly told him that he did not have an overpayment allowance remaining on another buy-to-let mortgage.

What happened

This complaint concerns two buy-to-let mortgages that Mr H holds with Santander.

Complaint 1 is about a buy-to-let mortgage that had a balance of £862.70. Mr H made a payment of £865 to the mortgage. Mr H complains that Santander applied it as the contractual monthly payment rather than as a “capital payment” as he intended.

Complaint 2 is that after switching products on a buy-to-let Mr H was told that he had used up his 10% overpayment allowance. That was incorrect because Santander had processed an earlier overpayment incorrectly. Santander later admitted that Mr H still had the overpayment allowance.

Mr H also complains about the way Santander dealt with the complaints and the general level of service.

Santander adjusted the account so that the payment was backdated. Santander paid Mr H £300 for any distress and inconvenience including the additional interest of £0.85 in respect of complaint 1 and the £40 additional interest in respect of complaint 2.

The investigator thought that Santander’s offer was a fair way to settle the complaint.

Mr H did not accept what the investigator said. He responded to make a number of points, including:

- He clearly told Santander that he wanted to pay down his mortgage and that it was a capital repayment. It has accepted it made a mistake.
- There was a delay in applying the payment to the mortgage until he identified what had happened. Then there was a further delay because Santander did not initially accept a mistake was made.
- We had not adequately set out what was fair amount of compensation for each of the complaints.
- The amount of “erroneous administrative activity” has not been adequately reflected in the amount paid.
- It was irrelevant that he was an experienced buy to let investor that had some knowledge

of how Santander did things. The bank could not figure out what had gone wrong and he had to spend hours going through transactions. It was incorrect to say he could know how to resolve the bank's mistakes.

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.

It isn't in dispute that Santander did not handle this matter well. It is accepted that it made mistakes in respect of both complaint 1 and 2 and in its overall level of service. It should have taken more care to administer Mr H's mortgages correctly. Therefore all that is left for me to decide is what is a fair way to put this right.

The amount Santander has paid includes the additional interest of £40.85 Mr H has had to pay because of its mistakes. I think that is fair. I can't see there was any other financial loss Mr H suffered as a result of these matters.

That leaves compensation for distress and inconvenience Mr H suffered as a result of these matters. I know Mr H thinks we should separate that into complaint 1 and 2. But I don't think we need to. Deciding what is a fair amount of compensation is not an exact science. And I am satisfied that I can look at what happened across both complaints and decide what is a fair amount overall to compensate Mr H for what happened.

Ultimately the losses that flowed from Santander's mistakes were under £50. So it would be difficult for me to say that the amount of worry he's suffered could reasonably equate to a payment of much more than that. I accept that both matters and the subsequent complaints have additionally caused Mr H unnecessary inconvenience.

Our guidelines for awards for distress and inconvenience say that an award of between £100 and £300 might be suitable where there have been repeated small errors requiring a reasonable effort to sort out. The business's actions could have resulted in some acute stress lasting hours at the lower end – or have had a milder impact across a few days or weeks.

In all the circumstances, if I had looked at things, I would likely have awarded Mr H £200 for any distress and inconvenience bearing in mind what happened, what he's told us about the impact on him and the length of time this took to resolve. So the amount Santander has paid in total is as much as if not more than I would have awarded. I can't see how I could require it to do anything else.

That is not to downplay the seriousness of the errors or the impact on Mr H. It simply reflects that I consider Santander has done enough to fairly compensate Mr H for its errors across both complaint points.

Mr H thinks that Santander should write off the mortgage exit administration fee of £225 if he repays the mortgage in complaint 1. But I can't see any reason why I could fairly require Santander to do that. The complaint is not connected to that fee and Santander is entitled to apply it in line with the terms of the mortgage that Mr H agreed to.

For complaint 2, Mr H thinks Santander should refund some of the product fee he paid for taking out the new mortgage because it did not deliver the product he asked for. I'm afraid I don't agree. As far as I can see the product has operated as agreed. Santander made a mistake in respect of the amount of overpayment allowance he had. But it has fairly compensated him for that. I can't see any reason why Santander could fairly be required to repay any of the product fee.

My final decision

My final decision is that I do not uphold this complaint., in the sense that Santander does not need to do anything further to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 November 2025.

Ken Rose
Ombudsman