

## **The complaint**

Miss M complains that Santander UK Plc misled her that it would offer additional lending on her mortgage. She says she entered into a legally binding settlement agreement on this basis and was left unable to fund the agreed payment.

Miss M asks for compensation, a review to ensure this doesn't happen to anyone else, and support and flexibility to resolve the shortfall.

## **What happened**

Miss M had a joint mortgage with Santander. She separated from the joint account holder (who I'll refer to as Mr T). In April 2025 Miss M contacted Santander about transferring the mortgage into her sole name. Miss M also asked about additional borrowing. She told Santander she was negotiating with Mr T to buy his share of the equity in the property.

Miss M says she instructed solicitors and agreed a settlement with Mr T after being told by Santander she could borrow an additional £30,000. Santander didn't offer the additional borrowing. It says it made an error when it said this was affordable for Miss M.

Miss M says the £125 compensation offered by Santander isn't enough. She says she committed to make a payment to Mr T that she then found she couldn't fund through the mortgage. She said she might incur costs from having to take out higher cost lending. And this caused her financial pressure and emotional stress at an already difficult time. Miss M says she had to ask her parents for money to avoid losing her home.

I sent a provisional decision to the parties to explain why I didn't intend to uphold this complaint. I said Santander made an error when it told Miss M she could apply for additional borrowing. However, I didn't think this had caused Miss M any loss. The available evidence suggested Miss M's agreement with her ex-partner about the amount she'd pay for his share of the equity didn't change as a result of the incorrect information. And she'd already told Santander this would be funded by a gift from her parents.

Miss M didn't agree. She said £125 didn't reflect the financial impact of Santander's error.

Miss M said she relied on the advice provided by Santander when agreeing a legally binding settlement with Mr T, and then had to make alternative arrangements to fund it. Miss M said while a gift from her parents was part of the original arrangement the amount had to increase as result of Santander's incorrect information.

Miss M says it was reasonable for her to rely on what she was told by the mortgage adviser and it was reasonably foreseeable that she'd do so. Ms M said she didn't know she ought to wait for a mortgage offer.

## **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.

Where the evidence is incomplete or contradictory, I make my decision on the balance of probabilities – that is, what I think is most likely to have happened.

Having read Miss M's response to my provisional decision, I'm not persuaded to change my decision. I've responded to her comments where relevant below. Miss M asked if I'd listened to her relevant calls with Santander and I can confirm that I have.

I said in my provisional decision that I agreed with the points made by our investigator. Miss M knew she'd need to meet with a mortgage adviser to submit an application for the additional borrowing. There's no guarantee a lender will lend before it issues an offer – which it can only do after it's had an opportunity to assess the application for affordability and its other lending criteria.

Santander knew Miss M wanted to know how much she might be able to borrow because she was in the process of agreeing a settlement with her ex-partner. Santander ought reasonably to have known that giving Miss M incorrect information could cause her problems. But it didn't know she intended to enter into a legally binding agreement which relied on the funds being available before even making an application for the funds. I don't think Miss M said this was her intention during the call when the additional funds were discussed. This was more an exploratory discussion, to see what her options might be.

I don't agree with Miss M that Santander ought reasonably to have foreseen that she'd enter into a legally binding agreement with Mr T before applying for the additional funds. But even if I did, that wouldn't change the outcome of the complaint. There are other reasons why I'm not upholding the complaint, as explained below.

Santander did tell Miss M (incorrectly) that it looked like she'd be able to take out additional borrowing. Santander was aware that this information was important to Miss M: she'd told it she wanted to know how much she could borrow to assist her in negotiating a settlement with Mr T. Santander should have given Miss M correct information – that additional borrowing wasn't available.

I've listened to the recording of Miss M's call with Santander on 23 April 2025 when it gave her the incorrect information. Miss M said she'd like to explore the possibility of additional borrowing. Santander said it only offers additional borrowing with a transfer of equity if the funds are used to pay the other account holder for their share in the property. Miss M said this is what the funds would be for.

Santander said it looked like Miss M could borrow up to about £30,000. This was wrong. When Santander checked affordability again it found this wasn't affordable for Miss M. However, I don't think this error had a significant impact on Miss M's decision to pay Mr T £32,000 or her decision as to how to fund this. I've explained why below.

During the call on 23 April 2025 Miss M said the agreement was that she'd pay £32,000 to Mr T, but Mr T had asked for more. Miss M said she didn't need to borrow £30,000 as she was being gifted funds by her parents, but wanted to know how much she could borrow. Miss M said she was looking at about £10,000 to £15,000 maximum, to put to Mr T if she needed to.

Miss M called Santander on 29 April 2025. She said she'd been told by the relationship manager she couldn't borrow more, but the mortgage adviser had said she could. Santander said based on its notes the additional borrowing looked affordable, but the mortgage adviser would have to assess affordability. It said Miss M would need another appointment with the mortgage adviser. It said there were already notes on the system for the mortgage adviser to look into this. At this point (if not before) I think Miss M knew there were some additional

steps to go through before she could be sure of the additional borrowing.

Miss M provided copies of emails between her solicitor and Mr T. In an email dated 30 April 2025 Miss M's solicitor put forward a proposal on behalf of Miss M. The proposal was that Miss M would pay £32,000 to her ex-partner in exchange for his interest in the property.

There were further emails between the solicitor and Mr T on 1 May 2025 about other matters before Mr T agreed to the proposal. It's not clear if Miss M and her ex-partner signed a settlement agreement or relied on this exchange of emails: Miss M didn't provide a copy of the legally binding agreement she says she entered into. Either way, the evidence suggests agreement was reached after Miss M knew there were more steps to go through before she could be sure of the additional borrowing. And the agreement was that Miss M would pay £32,000 to Mr T – exactly the same amount she'd agreed to pay before the call on 23 April 2025.

Santander called Miss M on 2 May 2025 to say that the additional borrowing wasn't affordable. Miss M said the whole deal had been geared up on the basis she'd be able to borrow an additional £15,000. She said she was disappointed to be getting missed calls left, right and centre from Santander to say this wasn't possible.

Santander said it needed to know how Miss M would fund the payment to Mr T. Miss M said she'd already told Santander this would be funded by a gift from her parents of £30,000.

Based on the available evidence the amount Miss M agreed to pay to Mr T and the way that the payment was funded didn't change after the call on 23 April 2025.

Following my provisional decision, Miss M asked that I reconsider my findings regarding her reasonable reliance and causation and the changed level of the gifted deposit. Having done so, my findings remain the same. The amount Miss M agreed to pay Mr T was exactly the same before and after the call on 23 April 2025, when she was given the incorrect information. And the way she intended to fund the payment – with a gifted deposit of £30,000 from her parents – was exactly the same before and after the call on 23 April 2025.

Miss M said in her complaint that the financial terms of her agreement with Mr T were “based entirely on the understanding that I would have access to the additional borrowing”. That's not consistent with the available evidence. Miss M also said Santander's error caused her financial pressure, she said she might need to take out higher cost lending to fund the payment to Mr T and she was at risk of losing her home. Again, that's not consistent with the available evidence. Miss M didn't provide evidence in response to my provisional decision to support these statements.

What's clear from the call on 2 May 2025 is that Miss M was upset and frustrated that she couldn't take out additional borrowing. What's still not clear is what she intended to use the additional funds for. Miss M didn't explain this after my provisional decision. Santander told Miss M on 23 April 2025 that it only offers additional borrowing with a transfer of equity if the funds are used to pay the other account holder for their share in the property. Miss M didn't need the funds to pay Mr T: she told Santander this would be funded by a gift from her parents. Miss M would not have been able to borrow the funds for another purpose.

Taking all of this into account, I think the £125 offered by Santander is fair and reasonable for the effect of its error on Miss M.

### **My final decision**

My decision is that Santander UK Plc should pay £125 to Miss M, as it offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 27 November 2025.

Ruth Stevenson  
**Ombudsman**