

The complaint

Mr H complains that Santander UK Plc incorrectly removed a charge it had on his property which allowed another charge holder to take possession of his property and sell it at a loss to him.

What happened

Mr H took a mortgage with Santander around 1996. He later took a second charge loan secured on the same property with another lender. This second charge was transferred to another company some years after – I'll refer to this company as M. Mr H disputes the validity of the transfer of the second charge loan, but this matter has been decided by a court.

In 2022, Mr H complained to Santander that it had removed the mortgage charge from his property. Santander said its charge was not registered properly in 1996. It offered £250 compensation for this. Mr H referred this complaint to our Service, but it wasn't referred in time for us to consider.

Mr H complained again to Santander in 2025 about the same issue. Santander said it was wrong in its previous complaint response, and it had in fact mistakenly removed the charge from his property. This led to M having first charge over the property. Santander tried to obtain first charge again but was unable to do so. Santander paid Mr H £400 compensation for its mistake in removing the charge and the incorrect information he was previously given.

The property was taken into possession and sold by M in 2023. Mr H believes this is due to the charge being removed by Santander. He thinks that had Santander remained the first charge holder, and M the second charge holder, the property wouldn't have been taken into possession.

Our Investigator said that M still would've been able to apply for possession of the property, even if Santander had remained the first charge holder, and that Santander was still entitled to repayment of the mortgage, even though it was now unsecured. Our Investigator said Santander should rework Mr H's account as if interest had stopped being charged in February 2023, when the property was sold.

Mr H didn't accept this, so the complaint has been passed to me to make a final decision.

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 H has made a number of references and accusations of wrongdoing towards other businesses in his submissions to us. I can't consider the actions of any business other than Santander in this complaint. Any complaint he may have about the actions of another business, including M, would need to be raised separately.

Santander has made a mistake here in removing its charge. It's unclear why this has happened. However, I cannot agree that had it not done so, Mr H's property wouldn't have been taken into possession and sold. A second charge holder can enforce its charge without the consent of the first charge holder. Given that a court awarded M possession of the property, it's clear the arrears with M were at a substantial level. Santander couldn't have stopped this. I'd also note that the mortgage with Santander was in substantial arrears, and it's likely Santander would've taken possession of the property had it retained a charge over it.

The sale of the property occurred in February 2023. It's unclear whether Santander knew this at the time. However, had the mortgage remained secured on the property, at the point of sale it would've in effect defaulted. This is the point that we'd typically expect interest to stop being charged on a mortgage debt if there is a shortfall. Santander hasn't provided any mortgage offer or terms and conditions that allow it to continue to charge interest past this point. So, I agree with our Investigator that Santander should rework the account so that all interest is frozen from the sale date in February 2023 onwards.

Whether there is a charge or not, Santander is still entitled to expect repayment of the money it lent to Mr H. I'd encourage both sides to work together to agree what will happen with the amount outstanding.

It's unclear if any funds were left over following the repossession, but Mr H would need to take this up with M as Santander has confirmed that it didn't receive any money following the sale of the property.

Mr H hasn't raised a complaint about how this is reported on his credit file. Santander should consider what its reporting once it has reworked the account and make any amendments if it considers them needed. If Mr H is unhappy with what's being recorded on his credit file after the account has been reworked, he'd need to raise that as a new complaint with Santander.

Santander's mistake of removing the charge has clearly cause Mr H some distress and inconvenience. But, as I've set out above, I consider it likely he'd be in the same situation if the mistake hadn't occurred. Santander has offered a total of £650 compensation for this. I think this is fair and reasonable in the circumstances, so I'm not going to ask it to pay anything further.

Putting things right

Santander UK Plc should rework Mr H's mortgage account so that no interest is applied from the date in February 2023 when the property was sold.

I understand Santander has paid a total of £650 compensation to Mr H. However, if any of this is outstanding, Santander should pay this to him.

My final decision

I uphold this complaint and direct Santander UK Plc to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 9 April 2026.

Rob Deadman
Ombudsman