

The complaint

Mr A and Mrs G complain that Santander UK Plc has treated them unfairly. They've said it hasn't engaged meaningfully with them, particularly since November 2024, about long term forbearance options for their mortgage and that it has caused delays.

What happened

Mr A and Mrs G have had a capital repayment mortgage with Santander for many years. In recent years they faced some financial difficulties and weren't always able to make their contractual monthly payments in full, leading to some arrears building up. So, they sought support from Santander.

Mr A and Mrs G previously complained to Santander when it gave them incorrect information about changing their mortgage to interest only payments and later declined their request. An Ombudsman colleague reviewed that complaint and made a final decision on 8 November 2024. In summary, they decided that Santander could have done a better job when considering Mr A and Mrs G's request to change their mortgage to interest only payments. But that even if it had, the Ombudsman concluded a change to interest only wasn't something Santander could have fairly agreed to based on the circumstances at that time. Finally, they said both parties should engage meaningfully going forward regarding potential forbearance options.

Following the final decision, Mr A and Mrs G contacted Santander several times to discuss the matter. But they didn't receive call backs as expected so they complained. Santander responded in January 2025 and acknowledged it had misled Mr A and Mrs G to believe a call back would be made by a specific team. It offered to pay them £100 as an apology for what'd happened. It also said a lower interest rate might be available to reduce Mr A and Mrs G's monthly payments. By that point their mortgage had moved to a variable interest rate of around 8%.

A new one-year fixed rate of 5.7% was agreed and applied to Mr A and Mrs G's mortgage in February 2025. Around the same time Mr A and Mrs G discussed their income and expenditure with Santander and it showed their outgoings outweighed their income. Santander agreed to a reduced payment plan for March and April 2025.

Following our involvement, Santander made a settlement offer. It acknowledged that it'd spoken to Mr A and Mrs G in around November 2024 and could have discussed changing to an available fixed rate then. So, it offered to backdate the available fixed rate products to when the previous fixed rate came to an end in December 2024. It also offered to pay Mr A and Mrs G £250 compensation for the distress and inconvenience caused. It did, however, say that although Mr A and Mrs G may wish to speak to the same person each time they call, this isn't a service it offers because it can't guarantee that person will be available.

Our Investigator reviewed the matter and sent his assessment to Mr A and Mrs G in March 2025. He said it wouldn't be appropriate for this Service to reconsider anything that was covered by the previous final decision. However, he looked at what'd happened since and concluded that Santander's offer was fair. Mr A and Mrs G accepted this, but things moved

on a short time later and they remained concerned that Santander wasn't engaging meaningfully with them. Because of this the Investigator continued to investigate and made further attempts to mediate and resolve the matter.

Towards the end of April 2025, Santander said its customer care team could support Mr A and Mrs G, but they'd refused to speak with that team and wanted to speak to a specific individual only. Santander said the budget planner that was completed in February showed Mr A and Mrs G had a deficit of around £671 and so it was unable to restructure the account, as it wouldn't be affordable. It had already agreed to a reduced payment arrangement.

The Investigator spoke with Mr A and Mrs G a short time later and they said their income had increased. But that Santander wouldn't go through a new budget planner with them. Mr A and Mrs G said that Santander kept referring them back to this Service and that they wouldn't look to do a term extension due to age. They felt Santander still wasn't engaging meaningfully with them.

Santander contacted Mr A and Mrs G in May, following a request from the Investigator and had discussed their updated circumstances. As a result of this, towards the end of May, Santander agreed to extend the term of the mortgage to help reduce the monthly payments. It also said it'd agree to consider capitalising the mortgage arrears after six months of full payments had been made, instead of the 12 months it would usually require. Although it seems Mr A and Mrs G agreed with these changes, they were unhappy about the time it'd taken to reach this point.

Correspondence continued between Mr A and Mrs G, the Investigator and Santander. And on 18 June 2025 Santander offered to pay Mr A and Mrs G a further £350 compensation, increasing the total offer to £600. The Investigator shared this offer along with his updated findings the same day. He felt Santander's offer was a fair way to put things right. Mr A and Mrs G accepted the new offer but requested that the compensation payment be made immediately. As I understand it, the payment was made around two to three weeks later.

Meanwhile, Mr A and Mrs G raised further concerns relating to delays with the term extension paperwork being sent in the post and how it would mean they'd need to wait longer to potentially capitalise their arrears. They felt the six-month period from which they needed to make full payments so Santander would consider capitalisation, should be backdated to June 2025. They also felt it should compensate them for the further delay.

The Investigator shared Mr A and Mrs G's concerns with Santander. It said, in summary, it required the full contractual payments to be made for six months to consider capitalisation and that August would be the first qualifying month if the term extension paperwork was received and actioned before then. It doesn't have another method of agreeing term extensions in these circumstances and it explained this to Mr A and Mrs G. It said it isn't being unreasonable by following its policies and it'd already made concessions for them.

Mr A and Mrs G emailed the Investigator on 12 July 2025. They raised several points, including that the term extension paperwork should have been sent in a different way. And set out their thoughts on what should be done. In conclusion, while they felt it should be more, they said they'd accept a further offer of £800 from Santander to resolve the matter.

The Investigator issued an updated assessment, responding to the points Mr A and Mrs G had raised. He upheld the complaint, in part, recommending that Santander should backdate the starting point for capitalisation to be considered. He also said that Santander was responsible for some of the delays that'd occurred and recommended that it pay a further £300 to Mr A and Mrs G. This would bring the total compensation amount to £900.

Mr A and Mrs G accepted the Investigator's findings but said they needed the payment to be made to them urgently. Santander agreed to increase the compensation award but did not agree that it should change the number of payments required before capitalisation would be considered. The Investigator discussed this with Mr A and Mrs G, and they accepted that outcome to resolve the matter.

One day later, Mr A and Mrs G asked for the compensation to be paid immediately. When the Investigator replied, he explained he'd asked Santander to make the payment as soon as possible but he has no control on when it would process it. He referred to the email he'd sent Mr A and Mrs G in which he'd explained the business has up to four weeks to process the settlement.

Shortly after accepting the most recent outcome, Mr A and Mrs G decided they wanted an Ombudsman to review their complaint. So, it's been passed to me to decide. I reached a different view on how things should be put right – in particular, I didn't consider it'd be fair to backdate the start date from which capitalisation would be considered – so I issued a provisional decision. This was to give the parties the opportunity to make further submissions before I make a final decision.

My provisional decision

I said:

"It's clear that Mr A and Mrs G have been very worried about their mortgage and financial situation now for some time. And I was sorry to hear about the difficulties they have experienced with that alongside challenges with their health.

Under our rules, we don't generally look at cases again where an Ombudsman has already made a final decision, unless there's material new evidence which has subsequently become available and which is likely to affect the outcome. Here, the previous final decision in November 2024 considered Mr A and Mrs G's concerns that Santander had given them incorrect information about changing their mortgage to interest only payments, and it later declining their request. I'm not persuaded the arguments Mr A and Mrs G are making now amount to material new evidence, regarding those issues which have already been considered, or that they're likely to affect the outcome the previous Ombudsman reached. So, I'm not going to look at the matters considered within that decision again now.

Moving on to the matter at hand, it's clear this complaint has expanded over time, with issues being added on several occasions. It doesn't appear to be in dispute that on some occasions the service provided by Santander could have been better. Mr A and Mrs G feel that things would be different and that they would be better off had Santander meaningfully engaged with them.

I can see that Mr A and Mrs G could have obtained a new fixed rate to start in December 2024, when their existing product was due to end. Instead, a new fixed rate wasn't put in place until February 2025. Santander accepts that it ought to have discussed fixed rate options with Mr A and Mrs G in around November 2024. And so, it's already agreed to backdate the lowest rate available to Mr A and Mrs G from December 2024 onwards. I think it was fair for Santander to do this. And I'm satisfied, based on the available evidence, that these interest rates now applied would have been the lowest rates available to Mr A and Mrs G at the time.

Reduced payment arrangements were also agreed because Mr A and Mrs G, at the time, were unable to make their full contractual monthly payments. Santander

discussed their affordability with them on several occasions to consider which forbearance options, if any, it could offer. And while there were some occasions Santander's communication could have been better, I'm satisfied the forbearance options it offered were appropriate at the time.

Mr A and Mrs G feel Santander caused delays because of poor communication and that but for those delays, they would be in a better position now overall. As I've said above, Santander has already backdated the lowest rates available on Mr A and Mrs G's account, which would have resulted in a rework of the mortgage, putting it in the position it should be in. Unfortunately, this wasn't enough to clear the arrears that have built up on Mr A and Mrs G's mortgage. And it still didn't bring their monthly payments down to a level that was affordable. So, even if they'd been offered another fixed rate at the time in November 2024, I'm not persuaded it would have changed what's happened overall.

Mr A and Mrs G wanted a long-term solution to reduce their mortgage payments and to enable them to get out of arrears, improving their financial situation. To do that, however, Mr A and Mrs G needed to show Santander they had the affordability to support longer term options. It wasn't until around May 2025 that Santander was made aware that Mr A and Mrs G's financial situation had improved enough for it to potentially offer long term forbearance options. I don't consider it's unfair or unreasonable that Santander wouldn't agree to a long-term change prior to that, when it was unable to show it'd be affordable for them.

Once Santander became aware of Mr A and Mrs G's updated financial position showing they had additional disposable income, it considered which forbearance options it'd be able to offer. Santander agreed to extend the term of the mortgage to reduce the monthly payment due, making things more affordable for Mr A and Mrs G. It also said that, as an exception to its usual requirement of 12 months, it would consider capitalising the arrears after Mr A and Mrs G had made six full contractual monthly payments following the term extension. I think it was fair and reasonable for Santander to offer these forbearance options in the individual circumstances.

Mr A and Mrs G, however, were unhappy that Santander sent them the term extension paperwork in the post. It's not generally unreasonable or unusual for a business to send paperwork to its customers in the post. I can't see there was any delay in Santander sending the paperwork and it was addressed correctly. With that in mind, I don't consider it acted unfairly. And I can't hold Santander responsible for any issues that might have occurred with the postal service.

I appreciate Mr A and Mrs G wanted things to happen more quickly in line with their own expectations, because they were worried about the situation. And I think that's understandable. But businesses aren't required to change their processes for each individual customer and it's reasonable that things like a term extension for forbearance purposes can take time to implement. Overall, I don't find Santander took an unreasonable amount of time to send the term extension paperwork. Once it was made aware Mr A and Mrs G hadn't received the paperwork, it resent it to them. I think that was fair. And I haven't seen anything that leads me to conclude Santander delayed the term extension being applied once the signed paperwork was received.

The Investigator said Santander should backdate the start date from which six months of full payments would be required, before it'd consider capitalising the arrears. But I don't think that would be reasonable. I've set out above that I'm not persuaded Santander caused delay with the term extension process. And so, it

wouldn't be fair for me to then require it to backdate something simply because Mr A and Mrs G expected things to happen differently.

Overall, I'm satisfied Santander has taken reasonable steps to help Mr A and Mrs G to bring their mortgage account back on track since November 2024. While there are occasions it could have communicated better with Mr A and Mrs G, I consider it's taken reasonable steps to put things right – both in terms of the support it's provided and the £900 compensation it has agreed to pay Mr A and Mrs G to recognise the avoidable distress and inconvenience they've experienced.

In terms of reworking Mr A and Mrs G's account, it's reasonable for any refund of interest resulting from that to be applied to the mortgage account where that mortgage is still in arrears. It would not generally be appropriate to instead refund that interest to the customer's bank account directly. Making a direct refund instead of applying it to the mortgage account would lead to the mortgage and arrears balance being higher, in turn leading to more interest being charged over time and a higher monthly payment. I cannot see any reason to suggest that doing this would have been in Mr A and Mrs G's best interests, or that it is something I could fairly require Santander to do.

I appreciate Mr A and Mrs G feel Santander should do more, including by paying them more compensation. But, for all the reasons I've explained above, I don't consider I can fairly require Santander to do anything further in resolution of this complaint. While it has made some mistakes, I am satisfied it's taken reasonable steps to put things right and to support Mr A and Mrs G. I can see Mr A and Mrs G have referred to wanting to put this matter behind them and I hope that my independent review will help them, and Santander, draw a line under what's happened and to now move forward."

Responses to my provisional decision

Santander had nothing further to add other than to confirm that it has paid a total of £900 compensation to Mr A and Mrs G.

Mr A and Mrs G didn't agree. In summary, while they are willing to accept what Santander has done in terms of forbearance, they feel the amount of compensation underestimates the impact Santander's actions have had on them. They have referred to several points and questions they had previously raised with our Service.

They've also said they're confused as to why I've asked Santander to pay a total of £900 compensation, when it has already been paid to them.

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's clear Mr A and Mrs G feel very strongly about what's happened and about the impact this matter has had on them. I've thought very carefully about the additional points they have made and the previous points they have referred back to. I've also reconsidered my provisional findings.

Having done so, while I appreciate it will come as a disappointment to Mr A and Mrs G, I see no reason to change my mind. I think the total compensation offered by Santander to recognise the impact of what's happened is a fair way to put things right. I know Mr A and

Mrs G will disagree with that. But when taking into account all the circumstances, I do not consider I can fairly require Santander to do anything further.

In my provisional decision I set out that Santander should pay Mr A and Mrs G a total of £900, if it hasn't already done so. I'm sorry if this caused confusion for Mr A and Mrs G because the compensation had already been paid. However, while it did appear to me at that point that this was the case, I wanted to be certain of this before issuing my final decision. Santander, and Mr A and Mrs G, have now confirmed the full amount of £900 has been paid and received. Therefore, my final decision reflects this.

My final decision

My final decision is that I do not require Santander UK Plc to do anything further, beyond the compensation it has paid and the forbearance measures it's already put in place.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs G to accept or reject my decision before 5 January 2026.

Keith Barnes
Ombudsman