

The complaint

Mr S complains that he was refused a Buy To Let mortgage for a rental property he owns, by Santander UK Plc. Mr S said he knew that his ex-wife's circumstances were identical, but she'd been able to remortgage with Santander, so he didn't think that was fair.

What happened

Mr S told us that he and his ex-wife previously jointly owned two rental properties, which were mortgaged with Santander. When they separated, as part of their divorce settlement they took one of these properties each, and they each applied to Santander for a new mortgage in a sole name, based on a transfer of equity.

Mr S said each property had multiple tenants occupying the premises under separate rental agreements. So they were, he said, effectively houses in multiple occupation ("HMOs").

Mr S said he and his ex-wife both received offers to remortgage the relevant property into their sole names. But he said he noticed his offer was subject to the condition that there would be no more than one tenancy agreement, covering the whole of the property. Mr S said the previous jointly held mortgages on both properties also had this condition, but it had never been met. He told us he could only assume the solicitors had not informed Santander that the condition wasn't met, when those mortgages were taken out.

Mr S said when he received the mortgage offer in his sole name, he told Santander his property didn't meet this "one tenancy agreement" condition. And he said he also told it the other property wouldn't meet this condition either. Mr S told us Santander refused his mortgage, as he didn't meet the conditions of the offer. But Mr S said his ex-wife's mortgage went ahead, even though he had made sure Santander was aware it was rented out in the same way.

Mr S said Santander at first said it would reconsider its position on his mortgage. But then it told him it would definitely not lend to him. Mr S said Santander told him that the lending to his ex-wife had been a mistake, but it wouldn't replicate the position for him.

Mr S felt this was utterly unfair, and he wanted our service to look into things. He said this cost him extra money, having to take out a more expensive mortgage elsewhere and pay associated fees and costs. He also said it was very stressful, as Santander's decision not to lend to him meant he had difficulties meeting the court-imposed deadline to transfer the equity in this property. He wanted Santander to cover the additional costs and pay compensation.

Santander said that it doesn't offer Buy To Let mortgages on properties which are covered by more than one tenancy agreement. So it had followed its own policy in this case, by declining to lend to Mr S.

Santander also said that for data protection reasons, it could not confirm whether Mr S's ex-wife's application was in exactly the same terms as his application, or not. But it could say that if the application had been exactly the same, then it should not have been allowed to

proceed and must have been done in error. Santander said it would not compound an error by allowing another customer to do the same.

Our investigator didn't think this complaint should be upheld. She said this was Mr S's complaint, and we could only look at what had happened in his circumstances. She didn't think it was unfair for Santander to apply its published policy on lending, and refuse to lend on Mr S's rental property.

Mr S disagreed. He provided a considerable amount of further information which he said would show that his circumstances and those of his ex-wife were identical, and he said that Santander's willingness to consider his ex-wife's application proved that its restrictive policy was flexible or capable of being overridden when applied to an identical scenario. He said selective enforcement was unfair, and Santander's decision to apply the rule in his case, when it had exercised discretion to approve the identical application of his ex-wife, was a clear act of inconsistent and unfair treatment. So he still wanted Santander to cover his losses and pay compensation.

Because no agreement was reached, this case then came to me for 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.

I've reached the same overall conclusion on this complaint as our investigator.

Mr S argues strongly that Santander's willingness to consider his ex-wife's application proves that it can exercise discretion to waive its own policy. And if that's the case, then he thought he should have benefitted from this discretion too. However, I don't think that is the only possible explanation for what has happened in this case.

Mr S also argued that the circumstances of these two applications were the same. He has acknowledged differences, but says he doesn't think these can be relevant.

I don't have full information on the other application, but even if I do consider this complaint on the basis that these two applications were in all material respects identical, I still don't think that Santander had to approve Mr S's application, or that it was unfair or unreasonable for Santander to decline it. That's because Santander has said very clearly that the only way for an application for a Buy To Let mortgage to be agreed, when there is more than one tenancy agreement covering the property, is if a mistake has been made.

I don't think that there is any evidence here that Santander exercised discretion to approve Mr S's ex-wife's application. I think it's most likely that, if the application is indeed on all fours with Mr S's application, then a mistake was made.

I do understand how upset and frustrated Mr S would be, to find out not only that he had been turned down for a mortgage in circumstances where he was under considerable pressure to complete his remortgage quickly, but also that someone in a similar situation had such a different experience to him. However, the core issue here is that I'm not able to say it's unfair or unreasonable for Santander, having made one mistake, to tell Mr S it will not then knowingly replicate that mistake. So I think it was fair and reasonable for Santander to refuse to treat Mr S's application in the same way.

I know that Mr S will be disappointed, but I don't think this complaint should be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 January 2026.

Esther Absalom-Gough
Ombudsman