

## The complaint

Ms C complains that Santander UK Plc has lost her Support for Mortgage Interest (SMI) forms, preventing her from receiving help. She also complains about litigation action Santander has taken, her interest rate, and charges applied to her mortgage.

## What happened

Ms C has had a mortgage with Santander for many years. She originally borrowed around £107,000 to be repaid over a 25 year term.

Because Ms C hasn't always been able to make her contractual monthly payments in full or on time, arrears have at times accrued on her mortgage. Santander decided to instruct solicitors to begin litigation in around May 2024 as arrears had been building up since 2023. A court order was obtained granting Santander possession of the mortgaged property.

Ms C spoke with Santander in September 2024 as she was finding it difficult to contact its solicitors and she was unhappy Santander had started litigation action. Around this time Santander agreed to change Ms C's interest rate to the lowest one it had available for her.

In December Ms C found that Santander hadn't received her SMI paperwork which she had submitted in one of its branches around two months previously. Ms C called Santander on 5 December to let it know the SMI paperwork had been resubmitted in a branch. Santander changed Ms C's interest rate to another, lower, interest rate for customers with arrears.

Ms C complained to Santander in June 2025. She raised concerns about a lack of trust she has in some of its advisers, she doesn't agree with the mortgage debt because Santander hasn't done anything with her SMI forms, one of Santander's advisers had lied to her about a new deal she had made in January 2025, and she asked why Santander had added a charge of £285 to her mortgage account without her permission.

Santander didn't uphold Ms C's complaint. It said it had been unable to locate a call that took place with Ms C in January 2025. It confirmed that Ms C was on an interest rate of 5.99% but said this had recently decreased so Ms C could contact it and request to be put on the lowest possible rate it can offer her now. It said it hadn't received the SMI forms and that Ms C needs to request the forms are sent to it. The £285 charge Ms C referred to was for litigation costs. It can add costs it incurs for litigation and other third-party collections costs to the mortgage account in line with the terms and conditions. It suggested Ms C speak with its Financial Support department.

Ms C referred her complaint to the Financial Ombudsman Service. Our Investigator concluded that Santander hadn't acted unreasonably regarding legal action, it hadn't unfairly applied charges to Ms C's mortgage, and that it hadn't made an error in relation to the interest rate. He concluded that while there was little Santander could do if its mortgage department hadn't received the SMI forms, he thought it could have been more helpful to Ms C. He said Santander should pay Ms C £300 to compensate her for the distress and inconvenience caused, and that it should support Ms C with submitting the SMI forms. But, because he couldn't say for certain that SMI would be provided to Ms C, he didn't think it

would be reasonable to hold Santander responsible for any hypothetical loss.

Santander accepted that but Ms C didn't. She said she's confident she would receive SMI and that £300 isn't sufficient for what she's been through. She remained concerned that Santander had treated her unfairly, including that it shouldn't have taken her to court when it did and because she feels it has unfairly applied fees and charges.

Because a resolution couldn't be reached the complaint has come to me to decide. I wrote to both parties to provide further clarification around redress. In summary, I set out in more detail the steps I thought that Santander should take to support Ms C with submitting her SMI forms and asking the parties for any further comments they had.

Santander accepted the clarified redress. Ms C doesn't appear to disagree, but she remains concerned about several issues, some of which form part of this complaint and others don't. She also thinks that she may soon be no longer eligible to claim SMI and she's worried about how that might impact the delayed SMI payments.

### **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.

To apply for SMI, Ms C first needs to complete part of the form, she then needs to send it to Santander for it to complete another part. Following that, Santander will send the completed form to the office that pays Ms C's benefit – which I understand to be the Department of Work and Pensions (DWP). A decision will then be made by the DWP on whether Ms C's SMI claim has been successful.

Ms C has said she's completed the SMI forms and has taken them to a Santander branch several times. I haven't seen any reason to doubt her recollection of this. It's unclear why sending the SMI forms via a Santander branch has been unsuccessful in them reaching its mortgage department. It seems likely that they have been lost in some way. Ultimately, however, for the SMI claim to be submitted Santander's mortgage department needs to receive the SMI forms and it hasn't. So, a way forward needs to be found, and given the individual circumstances of this case, I consider Santander ought to have done more to help Ms C find a solution.

Santander has said that a hard copy of the forms is required because the DWP won't accept scanned copies. And I also understand this to be the case. So, the only option available is for Ms C to provide the original copy of the forms to Santander and for it to then complete and forward them to the DWP – a scanned or photographed copy won't work. Santander has suggested that Ms C can post the forms to its processing centre address, however, she has said that she's tried to do this before too, without success.

With that in mind, I consider that a fair way for Santander to put things right would be for it to arrange an appointment for Ms C in her local branch so she can provide the forms. The branch will then need to send the forms to its processing centre. Alternatively, Ms C may wish to send the forms directly to Santander's processing centre by, for example, a recorded special delivery service. Santander has agreed that it will cover the cost of this, should Ms C choose that option (looking on Royal Mail's website, it seems the cost of this is unlikely to exceed £15<sup>1</sup>). Santander should arrange for a named person in its processing centre for the SMI forms to be addressed to, to ensure the original forms are received and processed correctly. I've set out how things should be put right in more detail at the end of this decision.

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<sup>1</sup> See: <https://www.royalmail.com/sending/uk/special-delivery-guaranteed-1pm>

It's for DWP to decide if Ms C is eligible to claim SMI and as the forms haven't yet been submitted, I can't safely say what the outcome of Ms C's application will be. I'm afraid that's the case no matter how confident Ms C is that it will be, or would have been, successful. And so, I can't fairly require Santander to make any changes to Ms C's account at this time which would reflect SMI being paid. If SMI is agreed and Ms C is unhappy with how Santander applies the SMI payments to her mortgage, she would need to make a fresh complaint about that. It isn't something I can consider in this complaint as it's about a hypothetical situation which hasn't yet happened.

In terms of Santander taking litigation action, I don't consider it was unfair or unreasonable for Santander to act when it did based on the account conduct at the time. The account has been in arrears since 2023 and by the time Santander instructed its solicitors in 2024, the account was in arrears equal to around five monthly payments. It hadn't been able to reach an agreement with Ms C to bring things back on track either. So, while repossession should be a last resort, I'm satisfied based on the available evidence that Santander had little option but to take the steps it did at the time.

I note that Santander continued with litigation – that is, involving its solicitors in communication with Ms C – despite Ms C making some payments to reduce the arrears since, which she feels is unfair. Leading up to the point of Santander's response to Ms C's complaint in June 2025, the arrears position wasn't noticeably improving. The arrears balance had remained at just under £5,000 for almost a year, only reducing by a small amount each time Ms C made payments. This equated to her mortgage being in arrears by around eight monthly payments without any sign that things were likely to be brought back on track. In all the circumstances, I don't think Santander acted unfairly by continuing litigation action, because no agreement had been reached and there was a possibility it would need to take further action at the time.

While I appreciate Ms C was trying to reduce her arrears by making small additional payments on top of her contractual monthly payment, that doesn't constitute an arrangement between both parties. It might be considered an implied agreement to bring things back on track where the additional payments would clear the arrears by the end of the agreed mortgage term, but I'm satisfied that isn't the case here. Santander has encouraged Ms C to provide updated details of her income and expenditure so it could explore which forbearance options it might be able to offer and to reach an agreement on a way forward. I don't think this is unreasonable as a lender needs to ensure any forbearance it offers is appropriate in the individual circumstances, and this information will enable it to consider that.

Going forward, I would encourage Ms C to have an open conversation with Santander including providing details of her income and expenditure, while she's waiting for the outcome of her SMI application. And I hope that, by doing so, an agreement can be reached on a way forward.

In terms of the costs incurred because of the litigation action Santander has taken up to June 2025 (when it responded to Ms C's complaint), I don't consider Santander has acted unfairly. It incurred additional costs because of this, and it's entitled to add those costs to Ms C's mortgage in line with the terms and conditions.

Finally, I've considered Ms C's concerns about her interest rate. I haven't seen anything which leads me to conclude that Santander should have applied a different interest rate to her mortgage. It has offered Ms C the lowest possible interest rate she is eligible for each time it has discussed this with her. It may help to explain that while Ms C's account is in arrears, she is not eligible for Santander's interest rate products that it offers to customers who are not in arrears. Santander does, however, offer different interest rates (lower than its standard variable rates) to customers who are in arrears. That's what it has been offering

and applying to Ms C's mortgage account. Even though Ms C isn't eligible for a standard fixed rate, it has offered her a reduced interest rate to help make the mortgage more affordable, which is a fair way to help. And from my understanding, unlike standard fixed rates, this rate has no fee or early repayment charge either.

### **Putting things right**

As I've concluded above, Santander ought to have done more to help Ms C send her SMI forms. To put things right, I require Santander to take the following steps:

- Santander should give Ms C the option of either:
  - Arrange an appointment for Ms C in her local Santander so she can hand in a hard copy of the SMI forms. The branch should then forward the original forms – not a scanned copy – to its processing centre by a tracked internal or external delivery method. Confirmation should be provided to Ms C once the documents have been sent and a record should be made on Santander's systems. (Option One)
  - Or Ms C may choose to send the forms to Santander's processing centre directly by using a tracked special delivery service, or similar. If she chooses this option, Santander should make a payment of £15 to Ms C to go towards delivery costs. (Option Two)
- Santander should arrange a named person within its processing centre for the SMI forms to be sent to – either by the branch or by Ms C directly. And that name should be provided to Ms C.
- Santander should update Ms C once the SMI forms have been received by its processing centre. The named person within the processing centre should then complete the required information (or arrange for that to be done by the relevant team) and send the forms to DWP without delay. The forms should be sent by tracked delivery and confirmation should be provided to Ms C including a tracking reference, alongside Santander recording what it's done on its system.
- Pay £300 to Ms C as it has already agreed to do, to recognise the distress and inconvenience caused. Santander could have been clearer and more helpful to Ms C regarding the process for applying for SMI.

I note that Ms C has said she could travel to Santander's processing centre to hand in the documents. But I don't consider I can fairly suggest that as a way to help resolve this complaint. Ms C would need to travel for around five hours from her home to the processing centre to do that, a round trip of 10 hours if completed in one day. She would also incur potentially significant additional costs because of this and much inconvenience. These additional costs and inconvenience can be avoided by the redress I have set out above. And so, I remain of the view that the steps I require Santander to take are a fair way to resolve this complaint. I don't, therefore, require it to do anything further beyond that.

### **My final decision**

My final decision is that Santander UK Plc should put things right in the way I've set out above – if Ms C accepts my decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 30 March 2026.

Keith Barnes  
**Ombudsman**