

The complaint

Ms H complains that Santander UK Plc has not given her appropriate support with her mortgage.

What happened

Ms H has a mortgage with Santander.

Ms H became unwell some years ago and had to give up work. She has a range of physical and mental health conditions which have a substantial impact on her. As a result of her health, she has experienced significant financial difficulty and her mortgage fell into arrears.

In 2019, Santander obtained a suspended possession order, on condition that Ms H pay her contractual monthly payment plus £102.50 per month.

In 2021, a colleague issued a final decision. That included that Santander should backdate its assist interest rate for five years from 1 October 2019 to 1 October 2024. The decision also said in the run up to the expiry of the assist rate, Santander may contact Ms H to determine whether an extension of the assist rate is appropriate, but should do so carefully and sensitively. If Ms H's circumstances have not changed by then, it should extend the assist rate.

Ms H accepted that decision and her mortgage has been on the assist rate. But when the rate expired, Ms H does not consider that Santander has treated her fairly. She said the new rate Santander has offered is too high and unaffordable for her. She said that having to deal with this matter has caused her pain and suffering.

I issued a provisional decision proposing to uphold the complaint. Subject to any further submissions, my provisional findings, which form part of this decision, were:

I am sorry to hear what Ms H has been through and how distressing she finds dealing with her mortgage. I appreciate everything she has told us and that she has no control over how her anxiety affects her. Santander is required to adjust its approach in view of her vulnerabilities – I don't think it has always done that or explored if there was more it could do to help.

But Ms H has an ongoing mortgage with Santander. A mortgage lender is obliged to contact its customers in certain circumstances and there might be times when it needs direct contact with her. Below I explain that we can look at arranging something that works for her – and I hope we can find a solution that works.

Interest rate

I understand why Ms H is unhappy with the interest rate she is paying Santander. It is much higher than the assist interest rate she was paying before of 1.99%. But that was an interest rate that was available in October 2019 when the Bank of England base rate (base rate) was 0.75%. The base rate in October 2024 when that interest rate ended was 5.00% - so

significantly higher. Although I note on the current retention rate of 5.50% the margin over the base rate is lower now (0.50%) than it was in October 2019 (1.24%).

I appreciate that it would make things particularly difficult for Ms H when the interest rate and her payments went up as much as they did. And I was sorry to hear about the very severe impact of that on her. But that did not reflect any unfairness by Santander. Rather, it reflected the increase in interest rates more widely since early 2022.

Santander originally called the interest rate it offered Ms H an “assist rate”. It tells me it now calls it a “retention rate”. The retention rate is broadly the same thing as the assist rate. It is a fixed interest rate product that is offered to borrowers who are in arrears and do not qualify for other concessionary interest rates that Santander offers and that is lower than the variable rate. The retention rate does not have an early repayment charge so borrowers can switch if a cheaper rate becomes available.

The retention rate offered to Ms H is the replacement for the assist rate. So I am satisfied there was no assist rate that Santander could offer Ms H when the previous rate ended. The retention rate is more expensive than the previous assist rate. That is because interest rates have gone up.

The retention rate also differs because it is fixed for one year rather than five. But again that reflects the very different economic environment we are in now compared to 2019. Interest rates are higher and there is more volatility in rates. So by offering flexibility and the ability to move rates that helps borrowers like Ms H, who can switch if a lower rate becomes available. The alternative would be for Ms H to remain on the higher rate for five years. It is not clear if such a product is available to Ms H. And that is not what she wants.

It was fair for Santander to offer Ms H the retention rate as her mortgage remains in arrears and she will pay less on the retention rate, which is 5.50% currently, than she would on the variable rate, which I understand is 6.75%.

I asked Santander to give me evidence to show the retention rate it offered to customers from October 2024 to date. Santander has told me that Ms H is currently paying an interest rate of 5.55% but since 18 November 2025 it has offered an interest rate of 5.50%. It should take steps to make sure that it has applied the lowest rate Ms H qualified for from the date her previous fixed assist rate ended until this complaint is settled, on all parts of the mortgage. That reflects that I do not think it would be fair to say that Ms H should lose out because of any avoidable confusion while this complaint is ongoing.

Santander said:

“If a better Retention Rate becomes available (as the mortgage market fixed rates drops) our process is to offer this when we are able to proactively engage with customers. Therefore, when we have contact with Miss H, our Assist Team will check whether they can offer a better rate than previously given. As there is no Early Repayment Charge that applies to the product, it allows the customer to move to the better rate immediately if they agree (hence the reason we need to be able to engage). We did agree to offer the rate of 5.55% to Ms H, while having active communication with FOS, on an exception basis.”

I do not consider that is fair or reasonable in the circumstances. Santander has an obligation to avoid causing foreseeable harm including to make sure that no aspect of its business unfairly exploits characteristics of vulnerability displayed by customers.

In this case there is foreseeable harm if Ms H is paying a higher interest rate than necessary. For her to achieve the best rate possible – which appears to be why the retention

rate was designed without an early repayment charge – Ms H would need to be able to receive communication about the rates on offer (it isn't clear how Santander gives her that information) and then contact Santander.

First, that seems like an onerous task for any customer. They have to monitor their account, look out for lower rates and then contact Santander and set up and agree to a new interest rate. I'm not sure what the average time to do all that is or what exactly is involved in that process, but I could see how it might deter some customers – particularly if the rate went down a number of times in a short space of time.

For example, since October 2024 there have been 19 changes to the retention rate. While the rate varied up and down during that time, if rates were to reduce consistently there could be a similar amount of changes going forward. I think it would be difficult for a consumer to manage that without being caused undue inconvenience. And bearing in mind that all of the customers that qualify for the rate are in financial difficulty, there is likely to be a degree of vulnerability anyway. While I understand why a lender might want to use the contact as an opportunity to assist a borrower, there might be occasions where that could create a barrier to some consumers and might mean the level of contact is excessive.

Second, it is not clear how that process fairly or reasonably takes account of Ms H's vulnerability. My colleague in his previous decision found that "Ms H is very unwell and very vulnerable, and finds it difficult to deal with Santander. To take just one example, she harmed herself during a call with Santander she found particularly distressing in early 2020, leading to Santander's call handler having to call an ambulance. And Santander has been aware of her vulnerability in general terms for some time – with more specific information about her medical history having been provided in late 2019." I am aware her circumstances have not improved. I do not think it fair or reasonable for Santander to expect Ms H to monitor the account and to contact it every time the retention rate moves to her advantage.

Santander says that for it to be able to help Ms H it needs to speak to her so she can agree to the new rate. But I don't think that Ms H is likely to object to being put on a lower interest rate and I don't see that would cause her any harm. It would also get round the difficulty in communicating she has – and indeed some of the difficulties built into Santander's process. So I intend to say that Santander should continue to automatically put Ms H on the retention rate if it reduces – so if a lower interest retention rate becomes available Santander should automatically switch Ms H to that rate. It should make sure all parts of the mortgage are on that rate.

Santander would need to write to Ms H to tell her when it has made any changes.

It might be at some point that Ms H qualifies for an interest rate from Santander's standard range of products that is cheaper than the retention rate. I understand Ms H does not qualify at the moment because of her arrears.

Santander should tell Ms H if any rates from its standard range become available to her. But it is likely that if she wishes to take such a rate then she would need to contact Santander. It is also likely that would mean there would be further contact at the end of any fixed rate period. It is not clear if that will work for Ms H as it will increase the amount of contact she has to have with Santander. But she should be given the option.

Contact

Santander said it needs to speak to Ms H. It said the adjustments it has made include, "offering to send an email in advance of a phone call advising the time and date of a call, with a telephone number so that Miss H has time to prepare for a call and knows who to

expect. The other option has always been for Miss H to give us a time and a date when she has someone to support her . We have also confirmed that we will send through mail in different coloured envelopes. This would differentiate letters that come directly from the Financial Assist team rather than the normal white envelopes that would be the automated letters. Miss H is also being managed by a very small select team, where ideally she would deal with one case manager but in any case it is a closely integrated team that are aware of customers situations.”

I can understand why usually a mortgage lender would need to speak to a borrower to understand their income, expenditure and circumstances. I don't think that is necessarily unreasonable. But Santander has not set out sufficiently clearly what that will involve other than it will be dealt with by a specialist team, what additional support will be. It might be able to set out what an individual phone call will involve beforehand – but that is unlikely to be helpful if Ms H is overwhelmed by what is required. And I note that when Ms H has spoken to Santander's financial assist team she has not always received the information she needed

Further, it is not clear why the income and expenditure exercise could not be completed by post, email or a web chat or even a home visit. Santander said it needs to speak to Ms H to make sure she is prioritising essential expenditure. But it is not clear why that could not be done by other means. I'd need a really clear and persuasive explanation from Santander why a phone call is the only way it can obtain the information it needs – and for it to set out all of the options it can offer.

I understand the difficulties for both parties here. I requested that Santander should think about how it can accommodate Ms H's vulnerability, but its response merely repeated what it had already offered. I think there is more it could probably do to challenge itself about how it communicates with Ms H going forward.

Bearing in mind I have found that it isn't unreasonable for Santander to contact Ms H from time to time, it would be helpful if Ms H could set out what would work for her – taking into account the options set out above. I appreciate everything she has been through and the difficulty this matter has caused her. But for a workable solution to be found she needs to set out clearly what type of contact she would find acceptable and/or if there is anyone who could act on her behalf. I am aware her daughter has helped her at times.

When I have the responses I will decide what is fair and reasonable. Hopefully we can reach a solution that is acceptable to both parties. If not, I will make my own decision and it will then be for Ms H to decide if that is acceptable to her. But I would remind Santander that vulnerabilities are not set in stone – they may change over time. It should be alive to that and adapt its approach as necessary.

In respect of the letters Santander sends, it is obliged to send certain letters to Ms H. I couldn't fairly say that it should not do so. I consider Santander's proposal to send any letters that are not automated in coloured envelopes, so Ms H can tell the difference is reasonable.

I don't consider it would be reasonable to expect Santander to provide a named individual to deal with Ms H. There are lots of practical difficulties with that. For example, that would make things difficult if they were on leave or if they moved roles. So I do not think that is a viable solution.

Forbearance

Santander's initial position was that “with a suspended possession order and without 12 months worth of payments being received there are no other forbearance options available

currently." That is incorrect and inconsistent with MCOB, which say it must consider a range of concessions It has unreasonably fettered its own ability to fairly assist Ms H.

Santander has told us that "there has been some time that has passed between[its] initial submission and now. Therefore, it is very likely more options are available than were in March 2025. We will need thorough and up to date details of income and expenditure. This would allow us to see whether a term extension and/or capitalisation is affordable. As we have now seen that Ms H has paid more than her contractual payment for the last 12 months, capitalisation with a potential term extension is now a possibility as long as the budget planner confirm affordability."

That does not seem unreasonable. If we can establish contact between Ms H and Santander, then it can explore whether there is a long term concession it can offer that would put the mortgage on a sustainable basis. If there is then that would mean Ms H would not need to contact Santander again as long as her payments continued as agreed.

I would remind Santander of its obligations under MCOB. It is unlikely to be fair for it to rely on policies or set criteria in deciding what forbearance it can offer. So it should think carefully about Ms H's individual circumstances when deciding what help it can offer.

End of assist rate

The previous decision said when the previous retention rate ended, Santander should contact Ms H to determine whether an extension to the rate was appropriate but that it should do so carefully and sensitively. And looking at everything Santander has done since September 2024, I don't think it has treated Ms H fairly or properly taken account of her vulnerability.

Once the rate was coming to an end it was Ms H who initiated contact with Santander. So Santander did not do what it was supposed to do. I do not consider that merely sending the standard letters telling Ms H about the new rate was appropriate. She did not understand why the interest rate and her payment had increased so much. Santander ought to have recognised Ms H's vulnerability, checked if there had been any changes to Ms H's health and adjusted its approach. I can't see it has ever asked about that. It would likely need that information to understand what approach it would be reasonable to take

Santander should have done to explain what was happening and what help it could offer – particularly when Ms H wrote to Santander explaining she was struggling with the increased payments.

Ms H has told us that she found the letters she received from Santander contradictory and confusing. I think there is more Santander could have done to meet Ms H's information needs. I can see why a borrower – particularly if they were vulnerable – might find some of the information confusing, particularly around why the retention rate was higher than the assist rate and only fixed for one year, and why different parts of the mortgage were on different interest rates.

Santander was attempting to contact her by phone – despite notes not to do so on its system. It also threatened a field agent visit and sent further letters about that even after confirming action was on hold. It ought to have known this would cause Ms H a great deal of distress

When we tried to establish contact, Santander attempted contact with Ms H even though we'd told it that it needed to be at a pre-arranged time. When contact was established Ms H said that Santander did not answer some of her questions and she found some of the

information she received confusing.

As I set out above, Santander has unfairly restricted the help it could offer Ms H because there was a suspended possession order in place and because she'd not made a certain number of payments. That is its own policy and does not reflect what MCOB requires it to do. So it has failed to properly consider whether there was anything else it could do to help Ms H.

In saying that, to explore further options Santander would need to engage with Ms H and that was difficult in the circumstances. But I also found there was more Santander could have done to explore how it could communicate with Ms H.

I think it would be difficult for me to find that Santander has treated Ms H fairly overall or that it dealt with her carefully and sensitively when the previous assist rate ended.

Ms H has had around 15 months of distress while this matter dragged on. Some of that might have been unavoidable because she always would have been distressed because her payments went up and her mortgage remained in arrears. That was not a mistake by Santander. But some of the distress is likely to be avoidable.

I don't think Santander has shown that it understood the nature of Ms H's vulnerability or really tried to think what it could do to help her in her individual circumstances rather than following its standard approach where it identifies a customer has vulnerabilities. But the very nature of vulnerability is that is unique to that person and it is reasonable to expect it to adjust its approach depending on the individual circumstances.

Our guidance says that an award of over £750 and up to around £1,500 is likely to be fair where the impact of a business's mistake has caused substantial distress, upset and worry – even serious offence or humiliation – with the impact felt over many months, sometimes over a year. It could also be fair to award in this range if the business's actions resulted in a substantial short-term impact, but you'd usually see some ongoing effects.

In view of the length of time this matter has been going on for and the impact on Ms H of the failure to fairly deal with her or take into account her individual circumstances I think that it justifies an award in that band. The reason for that is that I think Santander's acts and omissions have not only caused Ms H distress and inconvenience, but also added to her pain and suffering. I do not consider that Santander was the sole cause of any pain and suffering but I am satisfied that it has at times unnecessarily added to that.

In all of the circumstances, I consider a payment of £1,000 would be fair to reflect the impact of this matter of Ms H

Ms H responded to make a number of points, including:

- She does not trust Santander. It had treatment of her had been "cruel and unreasonable" and that had a severe impact on her health and wellbeing.
- Santander had not shown any compassion even though her health and wellbeing were deteriorating.
- She'd told Santander she could provide up-to-date medical records, but it ignored her.
- All Santander cares about is speaking to her by phone. She has tried her best to explain the significant impact that has on her. The thought of speaking to Santander causes her awful anxiety including pain and difficulty breathing.

- She had tried her best to speak to Santander's financial support team, but it didn't answer her questions and spoke over her.
- She did not complete the income and expenditure form. She believes Santander completed it without her consent and included incorrect information.
- She would prefer any communication including an income and expenditure gathering exercise to be done by email. That way she has time to respond, she can get her daughter's help and she has a record of what was submitted.
- She did not understand what a term extension is. She does not want more time added to her mortgage.
- She does not want the arrears to be capitalised. She prefers to see the arrears reducing each month.
- She did not understand what I meant by "date of settlement".
- All she wants is for Santander to show some empathy and to help her.

Santander's final submission, included the following points

- It agrees that it needs to do all it can to support Ms H – but it wants to make sure it is done in the right way and enables Ms H to understand her position and to make informed choices.
- It had a bespoke team who are "highly qualified and experienced in managing and supporting vulnerable customers." It will offer Ms H a dedicated case manager in that team. They will agree suitable contact times and dates, actively manage the account and build a relationship with Ms H to support her.
- It is happy to deal with Ms H's daughter over a longer term basis. This would give it an opportunity to explain information to her daughter that could then be relayed to Ms H./ This would help Ms H in making informed decisions about her mortgage. It would need written authority including a "wet ink" signature from Ms H.
- Ms H should consider applying for a power of attorney that would allow Santander to interact with her daughter over the life of the mortgage.
- It can offer a link to contact its customer care assist team online and through its chat bot. Ms H would be routed to a specialist agent rather than an automated response. When using that service it can speak openly with Ms H.
- It can offer email correspondence, but it can only discuss generic information as it is not a secure method of communication.
- It will use "digital platforms" where it can. For example it will need an up-to-date income and expenditure form, but it can send that electronically to Ms H.
- It will continue to send postal correspondence from its financial assist team in colour coded envelopes. It can't stop all postal contact indefinitely or arrange all post to be sent in colour coded envelopes because it might be required to send important correspondence during the life of the mortgage.

- It does not think there is one simple solution to resolve this matter. It is proposing a combination of contact strategies depending on the situation either directly with Ms H or her daughter. It will engage by email and offer digital solutions where it can. In the event, it needs to discuss something more complex which requires a decision from Ms H it can arrange a suitable time and date with Ms H by email. There may be unforeseen issues that mean it is unable to call – but it will confirm the call time around 15 minutes before it is due.
- Santander believes phone contact is important is because it will make sure that Ms H has fully understood her options so that she can make an informed decision. It also makes the whole process timelier and reduces email traffic as it can answer any questions and put in place any support quickly.
- While it understood Ms H was reluctant to agree to further phone calls because of what had happened previously, we should allow Santander the opportunity to get it right. It believes that its team who is fully trained in supporting vulnerable customers will be able to provide the right support.
- The retention rate is a one-year fixed rate that is below its SVR. The rate will be the one the customer secures at the time of engagement. It is not possible for it to operate as a variable rate on each account so that it should only vary downwards without customer contact. It would also be contrary to the aims of the consumer duty and its obligations to assist customers in financial difficulty for the retention rate to vary upwards without a customer's express agreement.
- The retention rate was “market leading” and is not something offered by most mainstream lenders. It was comfortable that any discount on the contractual reversion rate to arrears customers on the face of it achieves good outcomes for customers in compliance with the consumer duty.
- During the one-year fixed term of the retention rate no ERC is payable. That means a customer is free to undertake another product switch without penalty. It gives customers details of how to do that in writing at the point the mortgage is no longer in arrears.
- It had concerns that I had proposed that all customers in arrears should automatically be transferred to the lower retention rate on sale at any time. The reason the retention rate is set for a maximum term of a year is so that it can review the situation to offer the best solutions. This is highlighted now as Ms H has more options which could lower her repayment, move her mortgage out of arrears and make her eligible for even lower rates.

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.

Contact

I thank both sides for their constructive responses to my provisional decision. I think both sides make some valid points and I agree that there is unlikely to be one solution that resolves everything and balances any legitimate security, information and timeliness concerns that Santander has against Ms H's wish for communication to be adapted in view of her vulnerabilities.

In the circumstances, it is unlikely that I can fairly set out a rigid set of things that Santander must do to communicate with Ms H. What is fair will depend on a number of factors, including the type of information it is conveying and the level of engagement required from Ms H. But what struck me in Ms H's response is that she offered to provide Santander with up-to-date medical records, but it has not acknowledged that or taken any steps to understand Ms H's health and the full nature of any vulnerabilities.

Therefore, I think the first step for Santander is to obtain up-to-date information about Ms H's health. I'd note that under the Equality Act 2010 if Ms H has a physical or mental impairment that has a substantial and long-term adverse effect on someone's ability to carry out normal day-to-day activities, then Santander has a duty to make reasonable adjustments. That includes where a provision or practice puts a disabled person at a substantial disadvantage in relation to a relevant matter in comparison to persons who are not disabled.

It is not for me to enforce the Equality Act. But it might be relevant to whether the proposed communication strategy is fair. So the first thing Santander should do is contact Ms H and obtain her medical records. It should then reconsider whether the proposed methods of contact are the right thing.

But as things stand, I consider the proposed contact from Santander appears to be fair and reasonable. I accept that it is unlikely to be able to conduct all communication by email because it is not secure. It is not clear why it can't provide a secure email service, bearing in mind that is how it communicates with us. But I accept that it does not have that facility in place for day-to-day contact with consumers.

After reviewing everything, if Ms H accepts my decision, I consider it would be fair for Santander to take the following steps:

- 1) Contact Ms H by email and obtain up-to-date medical records. It should then review that its proposed communication strategy is fair and properly takes account of Ms H's circumstances and adapt it if necessary.
- 2) Send an email to Ms H setting out all of the ways she can contact it – including phone, online chat and email – how Ms H can authorise her daughter to speak to Santander on her behalf and the next steps it intends to take. If it believes a phone call is necessary, it should be with the named contact in its customer care assist team and arrange a suitable date and time with Ms H.
- 3) Contact Ms H by email where it can.
- 4) Confirm any phone calls on the day in question by email. If a phone call is not made as planned then contact Ms H by emails to explain why. Or if Ms H is not available, contact her to rearrange a mutually acceptable time.
- 5) Where it can, send any letters in from its financial assist team in coloured envelopes so that Ms H can identify them. I accept there is communication that Santander is required to send that will be in standard envelopes.

I agree that a phone call is likely to be the best way forward to understand Ms H's circumstances, explain what options are available for Ms H and to make sure she understands what that means for her, whether that is directly with Ms H or with her daughter. During any contact, Santander should bear in mind Ms H's health and make sure that it takes that into account in the way it deals with her.

I was surprised that Santander had not already referred Ms H to its specialist team that dealt

with vulnerable customers – especially bearing in mind what it knew about Ms H and our efforts to try and establish meaningful contact. That was particularly unhelpful in the circumstances. In saying that, I'd expect Santander to deal appropriately with any customers who were experiencing vulnerable circumstances, whether or not it was a specialist department. But I think my award fairly compensates Ms H for any upset or inconvenience that caused to her.

I understand Ms H's reluctance to speak with Santander again. I agree it has handled things very poorly since the previous assist rate ended on her mortgage. But I have to bring this complaint to a close. I would urge Santander to make sure that it has robust procedures in place to make sure that Ms H's vulnerability is recognised in all of its dealings with her, that it takes the steps set out above and adapts its communication as appropriate. The steps that it should take are not set in stone and it should continue to be mindful of Ms H's circumstances in the way it deals with her.

Forbearance

I appreciate Ms H's point of view that she does not want her mortgage to go on any longer than she's already agreed and that she does not want her arrears added to the mortgage. No one can force her to agree to any changes to her mortgage if that is not what she wants. But those are both legitimate and positive steps for a lender to offer a borrower where a mortgage is in arrears.

Ms H has asked us to look at her complaint. Mortgages are a regulated financial product. The regulator has a set of rules that say what lenders should do when a mortgage is in arrears. And from looking at complaints I see examples of good and bad practice from lenders in dealing with borrowers who are in mortgage arrears. I am required to take into account the regulator's rules and what I consider to have been best practice, in deciding what is fair and reasonable in the circumstances of a complaint.

When a borrower is in mortgage arrears, a lender is required to treat the borrower fairly. The first step is usually for a lender to obtain details about a borrower's income, expenditure and circumstances. That is so it can understand what is affordable for the borrower, whether the mortgage is sustainable and to consider if there is any assistance it can offer to get the mortgage back on track.

Once it has that information, a lender should consider whether there are any concessions it can offer that can help the borrower get the mortgage back on track. That includes extending the term and adding the arrears to the mortgage balance – or a combination of things.

While I understand the reason why Ms H does not want any changes to her mortgage, they can be positive steps where a mortgage is in arrears. For example, by extending the term of the mortgage it can reduce payments. By adding the arrears to the balance and recalculating the payments, it means the mortgage is no longer in arrears and a borrower can access the full range of a lender's interest rate products. That would allow Ms H, for example, to take a five-year fixed rate product, which would mean that it was less likely she would need ongoing contact with Santander.

Overall, it would be in Ms H's best interests to engage with Santander regarding her circumstances. If she does so Santander should, with an open mind, consider all available forms of forbearance open to it (not only what it has set out here) and tailor a solution that is appropriate for Ms H's circumstances and is in her best interests. I would remind Santander that it has a duty to make sure that its communications meet Ms H's information needs, are likely to be understood, and equip Ms H to make decisions that are effective, timely and properly informed. Where it can, Santander should confirm what was discussed by email.

It is up to Ms H to decide what she wants to do. But hopefully by establishing contact Santander will be able to understand her circumstances and explain what options are available to her in a clear, fair and not misleading way, so that she can make a properly informed decision about what to do.

Interest rate

I'm only determining what is fair and reasonable in the individual circumstances of this complaint. My decision does not set any precedent.

I did not say that the retention rate should operate as a variable rate. I identified a number of concerns about the fairness of how it operated. Santander had previously confirmed that the customers on a retention rate were free to switch to a lower rate if the retention rate went down – but only if there was contact with the customer.

I provisionally found that there were likely to be barriers to consumers on the retention rate in switching to a lower retention rate should one become available and there was the potential for foreseeable harm if a borrower was paying more than they needed to. I also found that Santander had not explained how the way it operated the retention rate fairly took account of Ms H's vulnerability. It knew of the difficulty she had contacting it by phone, yet the only way she could switch to a lower retention rate should one become available was by speaking to Santander by phone. Ms H has been unable to arrange a cheaper rate because of the failures of Santander in communicating with her fairly. In the individual circumstances of this complaint, I do not consider it would be fair for Ms H to be disadvantaged by that.

"Date of settlement" is the date that Santander puts in place the redress set out in my decision after Ms H has accepted it. So if Ms H accepts the decision, it should rework her mortgage to make sure that it has been on the lowest retention rate available from the date the assist rate ended.

Santander has indicated it is likely that if Ms H engages with it then it will be able to put in place a new longer term fixed rate product. But in the circumstances, I do not think it would be fair for Ms H to lose out on a cheaper retention rate if one is available until contact is established in line with my decision. So Santander should continue to automatically put Ms H on a lower retention rate if one becomes available for a further three months – to allow time to arrange contact with Ms H and to put in place any forbearance measures – or until a new longer term fixed rate is agreed, whichever is sooner. That reflects that the proposed resolution here should resolve the communication difficulties, Santander can give Ms H the information she needs, and she should be able to manage her mortgage once those difficulties have been addressed.

Finally, I would point out that reaching a workable solution that is acceptable to both parties requires both parties to meaningfully engage with each other. Santander will need to take steps to understand Ms H's circumstances and adapt the way it communicates with Ms H. But it also requires to Ms H to actively engage with Santander.

My final decision

My final decision is that Santander UK Plc should:

- Take the steps set out above to communicate with Ms H.
- Make sure that Ms H has been on the lowest retention interest rate available to her from the end of her previous assist rate until date of settlement. If Ms H has paid more than she would have, refund the difference to Ms H – with interest at 8% simple per year from the date of each payment until date of settlement. If Santander considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms H how much it's taken off. It should also give Ms H a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.
- Automatically switch Ms H's mortgage to a lower retention rate when it becomes available for three months from date of settlement or until a new fixed rate product is in place, whichever is sooner.
- Pay Ms H £1,000.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 4 March 2026.

Ken Rose
Ombudsman