

The complaint

This complaint is about Mr S' buy-to-let (BTL) mortgage with Santander UK Plc. He's unhappy that Santander wrongly created an expectation that mortgage arrears that accrued between late 2023 and mid 2024 could be capitalised.

What happened

The details of this complaint are well known to both parties so I won't repeat them again here. Instead I'll give the reasons for my decision. Although I've read and considered the whole file I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context.

We don't replicate the work of the courts. Whilst statutory, our scheme is intended to provide swift outcomes to disputes between business and the customers, with a minimum of formality. Mr S has indicated he's willing to go to court if not happy with the outcome here. That's his right and still will be if he rejects my 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.

This isn't a complaint where I have to decide fault; Santander has always accepted that it misled Mr S; it's apologised, and offered compensation (£75). What I do have to decide is how things should be put right.

In an informal view of the dispute in December 2025, our Investigator recommended Santander agree a payment plan for the arrears based on Mr S paying £1,100 per month, pay him £400 compensation rather than the £75 it had offered previously, and offer him a new interest rate product to replace the deal that had expired in October 2025.

In my view, that was a fair and reasonable settlement proposal at the time. There's more (and sometimes less) to complaint resolution than simply deciding who's right or who's wrong. It's not just about winning the arguments or indeed pursuing every argument to its ultimate legal conclusion. Sometimes it's about compromising to reach a *fair* conclusion which both parties can accept in a spirit of conciliation.

But matters then moved on; Santander, for its own reasons, has recently agree to capitalise the arrears, and the capitalisation has taken effect, as has a new rate deal. This prompted our Investigator to issue an updated view in January 2026, concluding that payment of £400 compensation was, on its own, a fair resolution Mr S thinks our investigator was wrong to characterise this development as putting him in a better position than he should be, and has asked for additional redress to be awarded.

My starting point here is that Mr S was never entitled to have his arrears capitalised, and at no time has this service recommended that Santander do so as a resolution to the

complaint. Therefore, and Mr S' rebuttal notwithstanding, I share the Investigator's sentiment that the capitalisation has benefitted Mr S to a greater extent than he could fairly and reasonably have expected. And to the extent that Mr S was never eligible for capitalisation, he can't fairly expect redress for it not having happened sooner than it did.

As far as the interest rate is concerned, Mr S' previous deal expired in October 2025, and under the underlying mortgage contract, interest is charged at Santander's standard variable rate (SVR) unless and until a new rate is agreed. By definition, the reversion to SVR wasn't part of the complaint Mr S referred to us in May 2025; it was merely something that happened whilst we were considering the complaint. So I won't be making an award to cover differential interest charged at SVR between the expiry of the old deal and the commencement of the new one.

Assessing fair compensation for people's time, trouble and upset is not an exact science; everyone perceives things, and reacts to them, differently. One person's minor annoyance is another's significant and stress-inducing inconvenience. It's all about the individual, and their personal circumstances. That's why the guide we publish on the subject incorporates ranges rather than tariffs.

Overall, and taking into account everything both parties have said and provided, I think the current proposal of £400 is fair and reasonable in all the circumstances, and that is what I have decided to award.

My final decision

My final decision is this complaint should be resolved fairly and reasonably by Santander UK Plc paying Mr S £400 in full and final settlement. I make no other order or award.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further consideration or discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 3 March 2026.

Jeff Parrington

Ombudsman