

The complaint

Ms K complains about how Santander UK Plc has managed her mortgage, including that it has failed to correct an error in her name, that it has charged arrears fees even though it said it wouldn't, and that it hasn't treated her fairly following the end of the term or in how it has calculated the loan balance.

What happened

Ms K and her former partner have a mortgage with Santander – although they are now separated, it remains in joint names. This complaint has been brought by Ms K only.

The mortgage was taken out in January 1999. Ms K and the other borrower borrowed around £23,000 on interest only terms. The mortgage is secured over a shared ownership property, of which Ms K and the joint borrower own 50%, paying rent on the other 50%.

The mortgage term ended in January 2024, and Ms K wasn't able to repay the outstanding capital.

Santander instructed its solicitors to take legal action. Ms K said she wanted to remortgage into her sole name. But to do so, she would require the joint borrower's agreement to change the ownership agreement with the shared owner and transfer the property title into her sole name. She wasn't in contact with him – although she then managed to track him down, he wouldn't agree. She said that the property title and mortgage were not in his proper legal name, so if he wouldn't agree she would apply to the court to have him removed and the property transferred to her sole name.

In January 2025, Ms K complained to Santander. She said that Santander had incorrectly recorded her middle name for some years despite being told the correct name – it only corrected it when taking legal proceedings. She said this had had a wider impact, including on her credit file. She said that an agreement was put in place in 1999 that she would not be charged arrears fees while on benefits – but Santander had charged fees in breach of the agreement. She said that between 2009 and 2024 she had made regular overpayments to the mortgage, but these had not been properly accounted for and the balance Santander was now claiming was too high as a result.

Our investigator said that Santander had not resolved the problem with Ms K's name, and said it should pay £100 compensation for that. She didn't uphold the rest of the complaint. Neither Ms K nor Santander agreed with that outcome, so the complaint comes to me to make a decision.

Having considered things, I didn't think the complaint should be upheld, so I issued a provisional decision explaining why.

My provisional decision

I said:

“I’ll deal with the question of Ms K’s name first. The issue concerns her middle name. The property’s title deeds, including Santander’s charge, are in the correct name.

I’ve not seen all the documents from the time of the mortgage application. But there is some inconsistency; some letters from Ms K’s conveyancing solicitor refer to her with the correct middle initial, but others have the incorrect middle initial, for example. Historic documents from Santander I have seen – such as a mortgage statement from 1999 – do have the correct middle initial. But a letter from a charity acting on Ms K’s behalf from 2014 has the wrong middle initial.

It seems that the mortgage itself was in Ms K’s correct name. But her customer profile on Santander’s system had the incorrect middle name.

In 2019 Ms K emailed Santander confirming her correct middle name, but explaining that her current passport showed no middle name. At that point, Santander corrected its customer profile so that it now showed Ms K using only her first name and surname, with no middle name.

Ms K complained about this issue in 2022. Santander said its systems showed Ms K’s name using only the first name and surname, with no middle name. It offered Ms K £35 to cover the cost of obtaining a duplicate birth certificate.

Ms K didn’t refer that complaint to us at the time. As our investigator explained, that means we can’t consider the fairness of Santander’s actions in relation to this issue before then, because there’s a six month time limit for referring a complaint to us once Santander has responded to it. Santander doesn’t consent to us considering the complaint out of time, and I’ve not seen any exceptional circumstances which explain why Ms K didn’t refer it in time.

I can however consider the fairness of what’s happened since then. Ms K complained again in 2025. Santander said it did not have an incorrect middle name on its system. It said it had asked for any aliases reported to Ms K’s credit file to be removed. It paid £100 compensation.

Santander has shown that since 2019 it had Ms K’s name recorded as first name surname only. And since 2024 it has amended that to show the correct middle name.

I’ve not seen any evidence that Santander has wrongly used Ms K’s name, or that it has reported her name incorrectly to her credit file or anywhere else. It used the correct name in the court proceedings.

The only place I’ve seen still showing the incorrect middle name is Ms K’s online banking profile. But that is only visible to Ms K, not to anyone else. Santander has explained that this can only be amended by Ms K herself, by editing her profile in the settings of the banking app.

I don’t therefore think it would be fair to require Santander to pay an additional £100, as our investigator suggested. I’ve not seen any evidence that Santander has used Ms K’s name incorrectly, or that it has reported her name incorrectly externally, for example to her credit file. The presence of the wrong name on the online banking is historic, dating to before the changes Santander made, and is something Ms K would need to amend herself by editing her profile. I can’t see that the presence of the wrong middle name on her online banking profile has, of itself, caused any wider detriment. I’m satisfied that, in the period I can consider since 2022, Santander has not used the wrong middle name in any other way. I don’t therefore uphold this part

of the complaint.

I've reviewed the history of Ms K's mortgage account. The Financial Ombudsman Service doesn't offer a full audit service and I can't check every calculation for the whole 25 years the mortgage has been open. But I've not seen anything in the operation of the account that would lead me to believe the balance is currently incorrect. Santander has taken account of the payments Ms K made, and has charged interest on the balance from time to time, in the way I would expect. All payments Ms K has made have been used to pay the interest and then any overpayments used to reduce the outstanding balance, as I would expect. Interest is calculated daily but added to the balance yearly, so the balance goes down as payments are made during the year and then up again when annual interest is added at the end of the year.

There have been no fees added to the balance other than a small number of arrears fees near the start of the mortgage, when it was in arrears, and a charge for sending an agent to check the property and try to contact Ms K in 2024, which is standard before considering legal action. Overall, there's nothing which leads me to believe that the mortgage balance is incorrect.

Santander has explained that it included the wrong initial borrowing amount in its possession claim. It said that was because it recently changed its IT system for managing mortgages, and the figure from the start of the current system, not the start of the mortgage, was wrongly included in the claim form as the starting balance. I can see Santander apologised for that and asked the court to amend the claim. It's for the court to regulate the conduct of court proceedings, and it appears Ms K has referred to this in her defence to the possession proceedings, so I'll say no more about that here.

Ms K has given us a copy of a letter sent to her by a charity that was supporting her in 1999. The letter said that at the time Ms K was two months in arrears on the mortgage, and that if it went over three months in arrears, Abbey National (as Santander was called at the time) would take recovery action for which she would be charged. The charity therefore advised Ms K to pay what she could. The letter also said that Ms K would start receiving benefits payments towards the mortgage interest from October 1999. And it said Abbey National had told the charity it wouldn't charge the usual monthly arrears fees while Ms K was in receipt of income support.

I don't think this is enough for me to find that the arrears fees Santander did charge in 1999 and 2000 were unfair, such that the mortgage balance now is unfair. The charity did warn Ms K that fees would be charged if the arrears were increased. And in any case, Santander reversed the fees it charged, so they were removed from the balance, in 2000. Therefore those fees are not part of the amount it is seeking to recover now, and so there is no impact on the current fairness of the relationship between Santander and Ms K.

Ms K also says that the joint borrower's name is incorrect, as the mortgage may not be in his legal name. That's not something I can deal with here, as I don't have any evidence about it one way or the other. I also can't make findings about third parties who aren't party to the complaint. In any case, there's no dispute that Ms K took out this mortgage. Both she and the other party are jointly and severally liable for it – which means that Santander is entitled to hold either or both of them fully liable for the outstanding balance. I don't think this issue impacts the fairness of Santander seeking payment from Ms K. It's also not something that would stop Ms K applying for a new mortgage in her own sole name and using that mortgage to repay

Santander – though doing so would require the consent of the other party and the shared owner to transfer the property from joint names to Ms K's name at the same time as any re-mortgage. Transferring the property is not something Santander can be involved in.

I also can't make any findings about the endowment policy. Ms K says she's already had an award from the Financial Services Compensation Scheme for mis-selling of the endowment. She can therefore use any compensation to reduce the mortgage balance. But the policy wasn't sold by Santander, so it's not something I can consider here.

Ms K says that the mortgage terms and conditions say that Santander should have converted the mortgage to repayment terms in the absence of the endowment policy. The terms don't say that it must do that, they say Santander may do that – if it considers it appropriate. If Santander had done that, the monthly payments would have increased to include repayment of the capital. And I've not seen any evidence that Santander was aware of the failure of the endowment until the end of the term.

Overall, I'm not persuaded that Santander has acted unfairly here. I appreciate Ms K is in a difficult position, but when the mortgage wasn't repaid I don't think it was unreasonable that Santander began legal action. The Mortgage Charter isn't relevant here, because it applies to difficulties making payments during the term, not to repayment of capital at the end. I understand Ms K has filed a defence, and the legal proceedings are ongoing. As it's not for me to comment on ongoing court proceedings I won't say any more about that – but Ms K might want to seek legal advice before taking further steps that would increase the legal fees added to the mortgage balance. If, however, she has proposals for repaying the outstanding balance then Santander should give those proposals fair consideration.”

Santander didn't make any further comments in response to my provisional decision. Ms K said that she didn't accept it. She said, in summary:

- Fee transactions in January 2000 show fees being charged and the balance increasing. It is then Ms K's payments, not a fees refund, that reduce the balance again.
- The transaction history also shows Santander paying ground rent and service charge arrears to the shared owner in July 2015, but the payments being reversed the same day. This is consistent with the shared owner treating Ms K as having been in arrears without the fees being paid by Santander. But the payments appear to have reduced Ms K's overpayment balance.
- Since 2009, Ms K has been solely responsible for the mortgage and has been making regular overpayments. Santander increased monthly payments for interest only customers by more than for customers with repayment mortgages when changing its interest rates.
- Santander must have known of the risk relating to the endowment, as this was well known across the industry. It could have eased the risk but it refused to engage without the joint borrower's consent. The compensation awarded for the endowment was minimal.
- She explained some more about the difficulties she has had tracing the joint borrower since the breakdown of the relationship, and the problems she's faced in trying to transfer the property into her sole name.

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.

£20 arrears fees were charged to the mortgage on 14 December 1999, 13 January 2000, 14 February 2000, 14 March 2000 and 13 April 2000, making £100 in total. There are then six transactions marked "credit to fees" (not "payment received"), on 24 May, 16 June, 21 June, 28 June, 14 July, and 19 July 2000. These six credits also add up to £100. Given the passage of time it's difficult to be certain, but I'm satisfied it's more likely than not that these transactions do indeed show Santander reversed the addition of fees to the mortgage, not that the fees were added and then paid off by Ms K. In any case, if that's not correct and the six credits were in fact payments of the fees by Ms K, then the fees have not been part of the mortgage balance since 2000, are not part of the balance now, and therefore cannot be the cause of any continuing unfairness in the relationship between Ms K and Santander as it now exists.

The payments in 2015 are not part of this complaint, so not something I can consider here. Ms K has also provided a letter from 2012 which she says shows that Santander unfairly increased payments by more for interest only customers when it changed its interest rates. That's not part of this complaint either. But that's not what the letter says. It's a general illustration of the impact of changing interest rates for typical customers, not a specific notification about Ms K's mortgage. Where interest rates change, the monthly payment will increase by more for an interest only customer than for a repayment customer – that's not because they are being charged different interest rates, or treated less favourably. It's because all of an interest only customer's monthly payment is interest, whereas part of a repayment customer's monthly payment is capital and only part is interest, and over time more will be capital and less interest each month. A repayment customer will be charged less interest because their balance reduces over time. So when interest rates change, an interest only customer will be more impacted than a repayment customer – because 100% of what they pay is interest.

Although the mortgage was taken out on an interest only basis, with an endowment in place at the time, I wouldn't expect Santander to monitor or be aware of the performance of the endowment over time, or whether it was still in place. Santander wasn't the endowment provider and didn't sell it. It was up to Ms K to ensure she had a repayment strategy in place. Ms K says she tried to engage with Santander about this in 2005, 2006, 2008 and 2018 but wasn't able to do anything without the agreement of the joint borrower. Again, that's not part of this complaint so I haven't considered what happened on those occasions. But in general, it's not unreasonable for a lender to want the consent of all parties before making permanent changes to a mortgage.

I'm sorry to hear about the difficulties Ms K has experienced in trying to move on after the breakdown of her relationship with the joint borrower. I can understand that resolving the issue of the property ownership is more difficult where there's also a shared ownership owner. I hope Ms K is able to find a solution.

As well as the specific points Ms K made in response to my provisional decision, I've also thought again about things more widely. Having done so, I haven't changed my mind about the fair outcome to this complaint. I do understand the difficult situation Ms K is in. I hope she's able to find a way forward. But it wasn't unreasonable that once the mortgage term had ended Santander expected the balance to be repaid. Although it has allowed additional time for Ms K to resolve things, I don't think it's unfair that it now wants to bring the mortgage to an end.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 7 May 2026.

Simon Pugh
Ombudsman