

complaint

Mr and Mrs M complain that Santander UK Plc poorly handled their application for a mortgage. They want compensation.

background

Mr and Mrs M wanted to re-mortgage their property to get a deposit to buy a buy-to-let property. They said they were told how much Santander would lend, but needed Santander to give the estate agency proof they could borrow a deposit to buy the new property. Mr and Mrs M said Santander refused which upset them and lost them the chance to buy properties. They said Santander didn't give them a letter confirming how much it would lend. Six months later, Mr and Mrs M tried to buy another property but Santander asked them to give more information which they'd sent before.

Mr and Mrs M complained, and said Mrs M suffered in particular and was very upset. Santander agreed it had made mistakes, been too slow, and given wrong information. It thought Mr and Mrs M didn't understand Santander needed exact figures to take the application forward, and it asked the same information again as the six month gap meant the information had to be updated. It offered £135 compensation for their trouble and upset.

Mr and Mrs M complained to us. The adjudicator investigated. Santander increased its offer to £350 to compensate for Mr and Mrs M's trouble and upset, and said it had made a number of small errors in a complicated process.

The adjudicator's view was that Santander did make many errors which affected Mrs M's health and Mr and Mrs M's ability to buy a property as no estate agent would accept their offers without proof Santander would lend the deposit, such as a decision in principle. He thought Santander's explanation to Mrs M of what it wanted was confusing. He said Santander never properly explained the process to Mrs M or its later decision to reduce how much it would lend. The adjudicator said Mr and Mrs M's inability to buy properties could be due to Santander's mistakes. He thought £1,000 compensation would be fair and reasonable in the circumstances, as Mrs M's travel costs couldn't definitely be Santander's fault as Mrs M would've had to have travelled anyway and the purchase might've fallen through for other reasons.

Santander agreed, but Mr and Mrs M didn't. They thought Mrs M had travelled more due to Santander's mistakes and mis-selling claims got more compensation with less evidence than in this case. Mr and Mrs M wanted at least £2,000 compensation.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I appreciate Mr and Mrs M feel the compensation should be higher, but this isn't a mis-selling claim. I think Mrs M would've had to travel to London several times in order to look for properties and deal with other things to buy a property. And sadly property purchases often don't complete due to many reasons – there's no certainty any property deal will complete until exchange of contracts. I can't say Santander is entirely responsible for Mrs M's travel costs. I also can't say Santander was the reason Mr and Mrs M haven't bought a property as

again there are so many factors that can stop a purchase from completing or offers being accepted.

But Mrs M certainly did suffer significant trouble and upset due to Santander's poor customer service. She wasn't updated properly and given confusing information at times. From listening to the calls, it's clear at times Mrs M was talking about making an offer to the seller while Santander's staff was talking about a mortgage offer from another lender. This was a sale where Mrs M was being given advice. Lenders need to ensure advice is suitable for the particular consumer it's dealing with. This was Mrs M's first buy-to-let deal, and she needed more explanations than a more experienced investor.

Santander also wasn't clear enough about how long the mortgage application could be left open – it suggested about a month, but also said in the circumstances it could be longer. Mrs M wasn't told six months was too long. I accept Mr and Mrs M found their search harder due to poor information given by Santander, but I can't say as a fact that this is why they haven't yet bought a property. I accept Santander couldn't issue a mortgage offer without knowing which property was being bought, the details of the other mortgage offered by the second lender, and using up-to-date information about Mr and Mrs M. But it didn't explain this clearly enough to Mrs M.

It's clear from the calls how upset Mrs M was by the situation. I'm not able to say for sure her distress triggered the asthma attack from which she was recovering during one of the later calls. But I think she was certainly very stressed due to the confusion and her frustration with the conflicting information received from Santander. And I do think Mrs M was inconvenienced by Santander; for example, she had to keep calling it. I think £1,000 is fair and reasonable compensation for her trouble and upset.

my final decision

My final decision is that I uphold the complaint and Santander UK Plc should pay Mr and Mrs M £1,000 compensation if it hasn't already been paid. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 13 November 2015.

Claire Sharp
ombudsman