

## **complaint**

Miss M complains, via her relative, that Santander UK Plc has unfairly pursued her for unpaid insurance premiums which it attached to her mortgage which finished in 2004. She said the amount owing should be waived by Santander in acknowledgement of its error.

## **background**

Miss M said her mortgage completed in 2004 but Santander has contacted her about unpaid property insurance premiums from 1995 to 2003, totalling £3,908.32. She said Santander told her last year the unpaid premiums ran from 1991 to 2004. She said it's unfair to ask for this sum after so many years. Miss M said she cancelled her direct debit for the insurance in 2005 when she got a cheaper policy with another insurer. She said Santander had since sent her the deeds which showed the mortgage had ended.

Santander said Miss M's mortgage hadn't been redeemed, the insurance premiums were still outstanding and she was sent a statement each year showing the amount owing. It said it wrote to her in 1994 to explain her mortgage and say what she had to do about insurance and said she would receive an annual statement showing her outstanding balance.

Santander said from 1995 to 2003 Miss M paid her insurance with her mortgage payment. In 2003 the main part of the mortgage was paid and she set up a direct debit for the insurance, but discontinued it in 2005 leaving the debt on the account. Santander wrote to Miss M in 2003 and 2004 to explain her situation. It sent her deeds in 2014 following computerisation of Land Registry titles, but its charge on her home remains. It said it couldn't understand how she assumed that getting the deeds meant nothing was owed on her mortgage.

The investigator said when Miss M stopped her direct debit payments Santander should've done more to explain the debt. He also said Miss M should've contacted Santander before querying the balance in 2016. He said both parties should've communicated better and Santander should reduce Miss M's unpaid insurance premiums by 50%, and set up a reasonable repayment plan for the remainder.

Both parties disagreed with the investigator. Santander acknowledged *'some administrative shortcomings in later years in terms of the customer apparently not being asked to make any repayments to us'*. But said Miss M was told about the debt but didn't check, so Santander assumed she was aware. Santander said because Miss M left it so long to make contact it wouldn't waive half her debt. It said no interest was being added to the amount owing.

Miss M's relative said letters from Santander were very confusing and the deeds proved the mortgage was paid off. She said they enquired at the branch but staff couldn't explain the debt. She said a policy in default for so many years should've been cancelled. She said given how proactive they had been in dealing with the problem it was totally unfair for Miss M to have to pay half of the outstanding debt and it should be completely cancelled.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. There are few documents to show what had happened but I have looked closely at what is available.

Most mortgage lenders sent customers their deeds when the Land Registry computerised the records – this bears no relation to whether the mortgage was completed or not.

Miss M said Santander had only recently contacted her about unpaid insurance debts going back to 1991 and this was unfair. Santander said Miss M has ignored its communications over the years and not reacted to the information she's been given.

Santander's letter to Miss M in 1994 does make clear that she will need to pay her insurance premium either annually or by monthly instalments. And it says her annual statement will show any amount owed from this. It appears Miss M was aware of the need to pay her insurance and made manual followed by direct debit payments for her premiums until 2005.

It's not clear why Santander allowed the insurance policy to run when Miss M wasn't paying the premiums. Or why Miss M stopped making these payments when her annual statements showed an outstanding balance, though she may have felt that switching insurers meant she no longer had to make any payment.

I think Santander should have done more from 2005 when Miss M cancelled her direct debit to make her aware that she still had to pay for her previous insurance. However, I think that Miss M and her relative have only been proactive in dealing with the issue latterly and there were a number of years when there was no response to the issue from Miss M.

Santander acknowledged shortcomings in later years in not asking Miss M to make repayments. I think that there have been shortcomings on both sides and it is fair and reasonable for Santander to waive half of the debt as recommended by the investigator.

### **my final decision**

For the reasons I have given it is my final decision that the complaint is upheld in part and I require Santander UK Plc to reduce the balance owed by Miss M by 50% and set up a manageable repayment plan for the remainder of the balance without interest.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 15 September 2017.

Andrew Fraser  
**ombudsman**