

## **complaint**

Mr and Mrs E are unhappy with how Santander UK Plc has treated them whilst they've been struggling to pay their mortgage.

## **background**

Mr and Mrs E have a mortgage with Santander. From 2015 Mr E was unable to work (I won't go into any detail about that to protect his privacy). They managed to maintain the payments for a while, but then contacted Santander in January 2016 to say they were struggling and were going to claim on a mortgage payment protection insurance (PPI) policy they held.

The PPI policy paid out for a year until April 2017. In the meantime Mr E had another health concern that led to him making a successful claim under a critical illness cover (CIC) policy.

In December 2016 Mr and Mrs E paid £25,000 off their mortgage which was part of the proceeds of the CIC policy claim.

There were a lot of discussions over the years about the options available, and eventually in May 2018 Santander put a package together to try to help Mr and Mrs E on a long term basis. This meant;

- In May 2018 the term was extended to 19 years and 9 months.
- In June 2018 it was moved onto a rate fixed at 2.99% until 2 September 2021.
- In July 2018 the arrears were capitalised.

Mr and Mrs E complained to Santander about how they'd been treated. Santander didn't uphold the main thrust of the complaint, but it did pay £250 compensation. Unhappy with this Mr and Mrs E referred the complaint to our service. They said the compensation they were looking for was:

- The £60 fee refunded that they were charged by their home insurance provider when a direct debit wasn't paid from their Santander bank account in March 2016.
- £300 they say they were back charged on their council tax because they had the £25,000 CIC claim payment in their current account for three months. They say they wanted to pay this to the mortgage account sooner but Santander wouldn't let them.
- The interest charged on the arrears to be waived from when the PPI claim ended until when the new deal was put in place.
- £500 compensation.

Our investigator didn't uphold Mr and Mrs E's complaint. Mr and Mrs E didn't agree and so it's been passed to me to decide.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint. If I don't comment on any specific point it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

This service is impartial between, and independent from, consumers and businesses. What this means is that we don't represent either party. We're required to decide what's fair and reasonable having assessed all of the available evidence from the parties.

We'd expect a lender to look at offering help to consumers going through a temporary problem, especially in situations where it can be seen their situation is likely to improve. The difficulty here is that Mr and Mrs E's financial difficulties were anything but temporary. There's no doubt they've gone through very difficult times, and continue to do so. Mr E has been very frank about his health, and I thank him for that honesty. As I said, I've not gone into detail about Mr E's ill-health to respect his privacy, but I understand Mr E is not anticipating a return to full-time paid work.

The pressure to make their mortgage payments against such a backdrop must have been immense for Mr and Mrs E, and I'm not unsympathetic towards them in that regard. But my impartiality means I must also have regard for Santander's point of view.

Everything has a context. Mr and Mrs E have, as I said, been very frank about their circumstances. But from Santander's side, Mr and Mrs E owed it money and they hadn't met all their contractual repayments.

I've reviewed all the contact notes and listened to calls between the parties. Having done so I'm satisfied Santander discussed various options with Mr and Mrs E over the years. Whilst none of these were put in place that wasn't due to any fault on the part of Santander. It's clear that Mr and Mrs E didn't want to commit to making any major changes at various times as they were looking at other options, such as Mr E's pension provisions and a possible remortgage to another lender.

I understand Mr and Mrs E feel Santander should have offered them a switch to interest-only. I've considered this point carefully but having looked at the overall picture I'm satisfied the package put in place by Santander is a better long term plan for Mr and Mrs E. Any change to interest-only would normally only be considered as a short term measure, for example for a consumer that was briefly out of work just to give them a month or so breathing space. It's not normally considered a long term option for financial difficulties, as it just moves the problem further down the line. Here, for example, it would have meant Mr E would have had to take a significant lump sum from his pension fund to repay the interest-only debt which would then reduce his income in retirement.

Instead Mr and Mrs E still have a repayment mortgage, but with a lower monthly payment. If they want to use part of Mr E's pension to repay the mortgage in the future, they can look at doing so. But if they choose not to the mortgage debt will still be decreasing month on month (so long as the payments are made in full and on time).

Mr and Mrs E have said that Santander stopped them paying £25,000 off their mortgage which led to them incurring a larger council tax bill as their discounts were removed. But that claim isn't supported by the evidence. In fact Santander was encouraging Mr and Mrs E to pay the lump sum off their mortgage and explained there may be consequences to their benefits if they didn't do so. It was Mr and Mrs E that stalled and wanted more time to decide what to do. So I can't hold Santander liable for the cost consequences of that delay.

It's also clear that the direct debit Mr and Mrs E have referred to as being frozen or cancelled by Santander was in fact simply returned as unpaid due to there being insufficient funds

available in the account. So again, I can't hold Santander liable for any costs Mr and Mrs E incurred due to that.

Finally, Mr and Mrs E are unhappy that Santander paid £250 compensation into their account without letting them know. I'd like to reassure them that it's not at all unusual for a business to do that. In fact when businesses don't do so, they get complaints that money has been offered and hasn't been paid. It has no effect on the complaint process and doesn't mean Mr and Mrs E are forced to accept the outcome, as shown here by the fact Mr and Mrs E have got the compensation but were still able to refer their complaint to our service. I can only consider it to be good customer service from Santander to pay the money without delay.

Having considered everything I'm satisfied Santander has acted reasonably and so I make no order or award of compensation.

### **my final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs E to accept or reject my decision before 9 January 2020.

Julia Meadows  
**ombudsman**