

complaint

Ms F complains that Santander UK Plc increased the term of her late father's mortgage without his consent.

our initial conclusions

Our adjudicator thought that Ms F's father, Mr G, would have known from 2001 that the term of his mortgage had been extended. In addition, she said it was very unlikely Mr G would have been in a position to maintain higher payments – and so she felt the term extension had been in his best interests.

my final decision

To decide what is fair and reasonable in this complaint, I have considered everything that Ms F and Santander have provided.

I've reviewed Mr G's payment history, and I'm satisfied that he was unable to consistently maintain his monthly payments – both before and after 1993. Before 1993 the lender's normal practice was to extend the mortgage term rather than ask the borrower for higher monthly payments to cover the arrears. Since Mr G wasn't able to maintain the (lower) monthly payments required to pay his mortgage over a longer term, I'm not persuaded he could have afforded to make the (higher) payments needed to keep the original term. As a result, I don't think Santander acted unfairly when it increased the term.

I'm also satisfied Mr G knew the term had been extended – probably by 2001, but certainly by 2007. He could have increased his payments (and reduced the term) but chose not to do so. I acknowledge 2007 was a very difficult year for him, but overall I'm not persuaded Santander has done anything wrong.

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Ms F either to accept or reject my decision before 18 June 2013.

Laura Colman

ombudsman at the Financial Ombudsman Service

The ombudsman may complete this section where appropriate – adding comments or further explanations of particular relevance to the case.

ombudsman notes

Mr G originally took out his mortgage with Abbey National (now part of Santander) in 1986. He borrowed £19,000 over a 25 year term, on a repayment basis. The original end date of his mortgage was July 2011. By 1993, Santander had moved the end date of his mortgage to August 2015. It says the term extension was due to unpaid interest and arrears on the account.

From 2001 onwards Santander's annual mortgage statements showed the end date of the mortgage.

In 2007 Mr G contacted Santander to ask why his mortgage term had changed. It wrote to him to explain why it had extended the term – and told him he could reduce the term back to the original end date if he increased his monthly payments. Ms F explained Mr G couldn't pursue the matter in 2007 because of his difficult personal circumstances.

what is a final decision?

- A final decision by an ombudsman is our last word on a complaint. We send the final decision at the same time to both sides – the consumer and the financial business.
- Our complaints process involves various stages. It gives both parties to the complaint the opportunity to tell us their side of the story, provide further information, and disagree with our earlier findings – before the ombudsman reviews the case and makes a final decision.
- A final decision is the end of our complaints process. This means the ombudsman will not be able to deal with any further correspondence about the merits of the complaint.

what happens next?

- A final decision only becomes legally binding on the financial business if the consumer accepts it. To do this, the consumer must sign and date the acceptance card we send with the final decision – and return it to us before the date set out in the decision.
- If the consumer accepts a final decision and returns the signed acceptance card to us before the date set out in the decision we will tell the financial business – it will then have to comply promptly with any instructions set out by the ombudsman in the decision.
- If the consumer does not accept a final decision before the date set out in the decision, neither side will be legally bound by it.