

complaint

Mr O says Santander UK plc mis-states the term of his mortgage and it should have been paid off by now.

background

Mr O believes his mortgage was for 25 years and should have been paid off in 2011, but Santander says it ends in 2015. Mr O denies extending it.

The adjudicator did not recommend that the complaint be upheld. Santander's records show there was an increase in the interest rate in 1986. This meant there had to be either an extension in the term of the mortgage or an increase in the monthly repayments.

Santander (then Abbey National) sent out letters to all affected customers informing them of the interest change. Because this was nearly thirty years ago, it doesn't have an actual copy of the letter which it sent to Mr O. It has provided a template of the letter which would have been sent. This letter advised that if the customer didn't increase the monthly payment, the mortgage term would be extended.

The adjudicator said Santander was entitled to do this. The annual mortgage statements had confirmed the remaining term of the mortgage. He could not conclude that Santander had done anything wrong.

Mr O said he would have remembered receiving a letter, and he had not signed anything. He requested review by an ombudsman.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The reason why the term increased was because on 1 November 1986 the interest rate increased from 11% to 12.375% and Mr O did not increase his monthly payment. Customers were told about the rate changes by letter advising that the term would increase if they did not amend their payments. The term extension followed naturally if the interest rate went up and the payments stayed the same. It was not necessary for Mr O to sign anything.

If Mr O did not receive the letter that is unfortunate, but the term remaining was clearly set out in the annual statements and I agree with the adjudicator that Santander has not done anything wrong.

my final decision

My decision is that I do not uphold this complaint.

Edward Callaghan
ombudsman