

The complaint

Mr and Mrs M complain that Santander UK Plc failed to treat them fairly when they applied to port their mortgage with additional borrowing.

What happened

Mr and Mrs M applied to port their existing mortgage to a new property with additional borrowing. During this process they feel Santander provided them with incorrect and conflicting information regarding the total amount it was able to lend. They say Santander made them feel like the only prospect of success they had with the application was to reduce their current liabilities. This meant repaying a loan they had for their car as well as some other short-term debts that they had outstanding.

Mr and Mrs M did what they believed they were asked to do by Santander but even after they'd sold their car and repaid the loan for this, Santander was still unable to provide the full amount of additional borrowing they required.

Mr and Mrs M were able to purchase the second property they found after reducing their budget but needed to take a mortgage with another provider. When they repaid their existing mortgage with Santander they had to pay an Early Repayment Charge (ERC) of around £11,000.

They feel Santander has caused them to incur costs they wouldn't have needed to because it failed to provide clear advice about their options. They say they sold their car for less than its market value for a quick sale and are now paying a higher interest rate on their mortgage with a new lender because they delayed applying for this sooner as they spent time trying to provide Santander with the information it was asking for.

Our investigator looked at Mr and Mrs M's complaint and said that she didn't think Santander needed to do anything else. She didn't think Santander had advised Mr and Mrs M to sell their car. It provided details to Mr and Mrs M so they could source independent financial advice on their best options. But it explained it could not provide advice on whether they should or shouldn't repay some of their short-term lending. She felt the ERC had been correctly applied when the mortgage was repaid before the end of the product term Mr and Mrs M were on. Because of this, she didn't think it was fair to ask Santander to do anything else in response to the complaint.

Mr and Mrs M disagreed with the outcome. They aren't saying they were told to sell their car by Santander but they acted like any other customer would when following the steps Santander said would result in them being able to borrow more. So when it was running through the things that could have helped them to get the required lending amount, it was natural that they'd act on this. This has resulted in them being left out of pocket financially and the whole situation resulted in a huge amount of distress and inconvenience. They believe that even if Santander has not breached its terms, it has acted in a way that has caused foreseeable harm and this could have been avoided.

Our investigator's opinion remained unchanged so the complaint has been passed to me for

decision.

What I've decided – and why

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

I've decided not to uphold this complaint for much the same reasons as our investigator. I know this will be disappointing to Mr and Mrs M, but I'll explain why I don't think Santander need to do anything else.

Mr and Mrs M have highlighted the crux of this complaint is not that they believe Santander told them that selling their car would result in their application being successful. But that it was foreseeable they would take such a step given what Santander told them – and this would cause them harm.

When an application to port a mortgage is made and additional borrowing is required, a lender will need to complete a number of checks and satisfy itself that the lending is affordable as well as the new property being acceptable security for the lending. It is clear from the phone calls that Mr and Mrs M had with Santander that they were keen to stay with it as their lender. This would have meant they could have carried forward the rate of their existing borrowing for part of their new mortgage and been able to avoid paying a large ERC.

Mr and Mrs M made a number of phone calls to Santander to understand what it needed from them to confirm the borrowing was affordable. During these calls Santander looked at a number of different scenarios based on the information provided by Mr and Mrs M, this included doing quotes with existing short-term borrowing commitments being repaid. This brought the total borrowing closer, although Santander never reached a point where the total lending Mr and Mrs M required was showing as available.

Santander provided the details of an independent financial advice service to Mr and Mrs M so they could seek advice on what their best options might be. They explained they could not advise them to repay debts but simply provide information about what might be available in terms of its maximum lending if some of these had been repaid or reduced. Mr and Mrs M say the information about what might have been available led them to believe their only option to have a chance of securing the mortgage they wanted with Santander was to repay some of their short-term lending commitments and they did this. They've not said they spoke to the independent financial adviser. They did what they thought was needed based on the information provided by Santander to help get them to the amount they wanted with their application.

I can understand why Mr and Mrs M took the steps they did when trying to increase the available borrowing with Santander, but I don't think Santander has done anything wrong when it provided the information it did.

The advisers provided clear information on what it needed from Mr and Mrs M with their income details and this gave them clarity on how providing 3 months' worth of payslips with overtime payments could result in more of the income being considered as primary income. Mr and Mrs M wanted to provide this and also took the decision to sell their car and clear the personal loan on this, all in hope that it would increase the maximum lending Santander could offer. But as I've said previously, at no point did Santander confirm it could lend Mr and Mrs M the full amount they needed even when loans had been repaid. It explained that extra visible income and reduced monthly payments could get them closer to the amount they needed but there was still a shortfall.

Santander explained that Mr and Mrs M may have wanted to avoid waiting for the extra information they needed and seek independent advice and an offer from another provider, but they chose not to do this. So I don't think it is fair to say Santander delayed the process. It was able to assess information when it was provided and Mr and Mrs M had the option to look at other options when their application with Santander was not able to progress until this further information could be provided.

I don't think it would be fair to say Santander did anything wrong with Mr and Mrs M's application. Nor do I think it was foreseeable that its actions could cause them harm. It provided details on what might be achievable but also explained it couldn't provide advice on whether they chose to repay some of their debts or not. And it was up to Mr and Mrs M as to whether they wanted to use the independent advisers provided.

When the port could not be achieved as Santander could not lend Mr and Mrs M the additional borrowing they needed, their mortgage with it was redeemed. This meant the ERC that Mr and Mrs M had been trying to avoid having to pay, became payable. This has been correctly applied and I don't think it would be fair to ask Santander to refund it. I don't believe Santander has done anything wrong when handling the application and providing the information it did and Mr and Mrs M took steps to repay loans and sell their car without seeking any financial advice offered by Santander on what their best options might be.

I appreciate this situation will have been upsetting for Mr and Mrs M as they worked hard to provide information that they felt would allow them to get the mortgage they wanted. And this combined with the general stresses of buying and selling a house will have made this a difficult time. However, I've not seen anything to demonstrate Santander treated them unfairly when considering their application for the additional borrowing.

My final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 13 October 2023.

Thomas Brissenden
Ombudsman