

The complaint

Miss W complains that Santander UK Plc (Santander) did not tell her that if she chose a new fixed rate product on her mortgage, she could still change to a different rate up to two weeks before it was due to start. She says this means she's now paying a higher rate than she could've been paying.

What happened

Miss W has an interest only mortgage with Santander. Her two-year fixed rate product was due to end in October 2023. Miss W contacted Santander in May 2023 to confirm when her current deal ended. She wanted to know what the Early Repayment Charge (ERC) would be if she redeemed her mortgage. Santander confirmed the ERC amount and that she could redeem the mortgage after her product ended in October 2023 without incurring an ERC. There was no discussion of interest rates during this call.

Miss W contacted Santander again in June 2023. She asked what fixed rate products were currently available to her and Santander explained there was a two-year fixed rate product at 4.49% with a product fee of £999, or a two or three-year fixed rate product at 4.77% with no product fee. Miss W said in this call that the rates could change between then and when her current rate was due to expire in October, so she didn't decide to fix anything at that point. Santander told Miss W its rates were available online and she could keep an eye on any changes there.

Santander wrote to Miss W in June and again in August 2023 to tell her that her current mortgage deal was ending, and she could apply for a new deal on its website, or if she wanted help or advice, by calling and speaking to one of its mortgage advisers.

Miss W contacted Santander twice in August 2023 about the current deals available. She asked what the variable rate would be if she didn't arrange a new product when her current deal ended. Miss W explained in one of these calls she hadn't fixed a new deal yet as the deals could change, and she hadn't made a decision yet. Miss W, during the second call, asked to be transferred to a Mortgage Adviser for more information about the current products.

In the call with the Mortgage Adviser, Miss W was asked how she intended to redeem her mortgage at the end of its term. Miss W did not want to answer this question or other questions asked by the Mortgage Adviser. She thought this information wasn't necessary and the call was then ended. The mortgage adviser told Miss W she could fill out an application for a new product online.

Miss W arranged a new one-year fixed rate product of 6.12% with a £499 product fee on 15 August 2023. The offer letter said *"when you accept the offer, you won't be able to change your mind and cancel the contract unless you're booking a replacement deal with Santander. You must ask for this at least 14 days before the confirmed start date"*.

Miss W complained to Santander in August 2023 that she hadn't been told previously that she could take a new fixed rate and change it for another as long as she gave 14 days'

notice before it was due to start. She said if she had been told this she would have applied for a fixed rate sooner. Santander agreed that Miss W hadn't been told this information during any of her earlier calls with it. But it said it hadn't made an error and this information wouldn't be offered on every product query with the rates team.

Miss W referred the complaint to our Service as she didn't agree. Miss W thought Santander should have told her about the ability to change products and she wanted Santander to honour the product rates that were discussed in June 2023.

One of our Investigators looked into this complaint. He thought Santander hadn't made an error in not telling Miss W during those calls that she could change rates as long as it was two weeks before it was due to start. Miss W didn't agree with our Investigator's view. So, the complaint was passed to me to make a 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.

Having done so, I'm sorry to disappoint Miss W, as I know she feels strongly about this, but I don't think Santander has acted unfairly here.

Miss W made a number of calls to Santander before fixing a new product in August 2023. I've listened to these calls carefully. Miss W was exploring her options for when her current deal ended, and she was gathering information to decide how to proceed. Miss W asked for information about redeeming the mortgage early, continuing onto a variable rate without fixing a new product, and about new fixed rate products available to her. It's clear from the calls Miss W hadn't decided how she would be proceeding yet, and these calls were for information only.

Santander wasn't offering advice during most of these calls and the information given by its rates team was in response to Miss W's questions. Miss W hadn't decided how she was proceeding or if she would be fixing a new rate or even keeping her mortgage with Santander.

During Miss W's call in June 2023, she did ask Santander what rates were available to her. Santander gave her information about the rates available, but it didn't tell her about the ability to change to a different rate up to two weeks before it was due to start. I think it's likely that this was because the ability to do this wasn't an option yet.

In response to high inflation, mortgage lenders have agreed to a set of standards called the Mortgage Charter. This came into effect from 10 July 2023 and meant customers approaching the end of a fixed rate deal could lock in a new deal up to six months ahead and could request a better like for like deal up to two weeks before the new term starts. It wouldn't have been an option for Miss W to change to a different deal up to two weeks before it was due to start when she called Santander in June 2023. Santander therefore couldn't have made her aware of this in the call in June 2023.

Miss W contacted Santander again in August 2023 and was offered the opportunity to speak with a mortgage adviser if she wanted to discuss her options in detail. At this point, the ability to apply for a new rate but change at a later stage was a feature of Santander's mortgages. However, Miss W ended the call with the Mortgage Adviser before any advice could be given as she didn't want to answer questions about her circumstances. I don't think any of the questions that the mortgage advisor was asking were unreasonable. It was Miss W's decision not to answer these questions. It follows that I don't think it was Santander's error

that meant the opportunity was missed to provide Miss W with more detailed information about taking a new rate at this stage.

Miss W was also referred to Santander's website for more information about switching products during calls and in written correspondence from Santander. I've not been provided with the information that was available on Santander's website at that time. But I expect it would be similar to the information available now, which makes it clear that once a new product is accepted, it can be changed to a different product if it is at least 14 days before the new product starts. I think Santander acted reasonably by providing detailed information about its products and processes online and by directing Miss W to it to help with her decision.

I'd also note that the first call, when Santander could've told Miss W about the ability to take a product and switch up to 14 days before the new deal started, was in August 2023. And Miss W applied online for a new rate just a few days later. So I can't see that she would've been able to obtain a lower rate had she been told a few days sooner. And in any case, as I've said, it was because Miss W refused to answer questions that this call didn't proceed any further.

I can understand why Miss W thinks, she may have applied for a new product earlier. But as I've explained above, this wasn't an option until after 10 July 2023. It's unfortunate that during the time Miss W waited to see what would happen, interest rates increased, and Miss W has ended up fixing a higher rate than was available to her in June 2023. However, taking a new rate in June 2023 and then changing at a later stage wasn't an option at the time of that call. And Miss W would've always known that waiting to see if rates fell naturally meant that rates may also increase instead.

I think Santander made information available to Miss W about her options to change products. It provided Miss W with the information she requested during calls, and it advised her where she could find further information.

I appreciate Miss W's frustrations that she didn't fix a new product earlier and is now paying a higher rate than she might have. But I don't think Santander has treated Miss W unfairly here, so I won't be asking it to do anything differently.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 10 June 2024.

Rob Deadman
Ombudsman