

The complaint

Mr C complains that Santander UK Plc did not switch part of his mortgage to a new fixed interest rate product.

What happened

Mr C had a mortgage with Santander. The mortgage was in two parts. One part of the mortgage (which this complaint is about) had a fixed rate of 1.79% until 2 June 2021.

In February 2021, Santander wrote to Mr C explaining that the fixed rate on part of his mortgage was due to end in June. Mr C contacted Santander to discuss his options and he believed he had agreed a new fixed rate of 1.64% until June 2023.

In September 2022, Santander wrote to Mr C to tell him that part of his mortgage was on its “follow-on rate”. This is when Mr C said he found out the product switch had not gone ahead.

Mr C complains that Santander did not switch his mortgage to the new fixed rate product that he believed had been agreed in February 2021. He wants Santander to put in place and backdate that interest rate on his mortgage.

Our investigator did not think the complaint should be upheld. He accepted that following the phone call in February 2021, Santander had not sent the product offer documents for Mr C to sign – but its offer of £100 was fair to reflect that error. The investigator pointed out Santander had written to Mr C in June 2021 when part of the mortgage reverted to the follow-on rate. It also sent him an annual statement in 2022. So Mr C ought to have been aware the new fixed rate wasn't in place.

Mr C did not accept what the investigator said for a number of reasons, including:

- There was a verbal agreement with Santander to switch to the new fixed rate.
- The change to the follow-on rate made little difference to the amount of the payments.
- No correspondence was sent to him until June 2021.
- He never had access to the Santander app during the time in question.
- He'd suffered a bereavement around that time.
- He did not receive the letters from Santander.

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 understand the reasons why Mr C feels that Santander hasn't treated him fairly. But after considering everything both sides have provided, I think the offer from Santander is a fair way to put things right.

I've listened to the phone call that Mr C had with Santander in February 2021. Santander did agree to switch the interest rate product on part of the mortgage – but it set out clearly that was subject to Mr C accepting the offer by signing and returning a product offer. As Mr C did not accept the product offer by signing and returning it, I don't consider there was any requirement for Santander to carry out the product switch.

I accept that Santander made a mistake by not sending the product offer to Mr C. But I can't see it ever confirmed to Mr C that the product switch was in place. It also wrote to Mr C when the interest rate reverted to the follow-on rate and the 2022 annual mortgage statement contained details of the interest rates Mr C was being charged. The letter was correctly addressed. So I consider Santander took reasonable steps to tell Mr C how his mortgage was operating.

Santander has offered Mr C £100 for any distress and inconvenience caused by its failure to send a product offer to Mr C, which I understand it has already paid. Overall, I think this is fair for the impact of failing to send the offer to Mr C. I know Mr C thinks that is one of the reasons why the product switch did not go ahead. But looking at everything that happened, and for the reasons set out above, I don't consider I could reasonably find that Santander was obliged to honour the product switch.

My final decision

My final decision is that Santander UK Plc does not need to do anything further to settle this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 8 November 2023.

Ken Rose
Ombudsman