

## The complaint

Mr and Mrs H complain that errors caused by Santander UK Plc when they switched current accounts meant their mortgage went into arrears.

## What happened

Mr and Mrs H say that Santander admitted liability for errors in the switching process, but it took hours in branch and on the phone to work out what had gone wrong. As a result of the direct debit failing to reach their mortgage provider, Mr and Mrs H say their mortgage went into arrears and their credit records were negatively affected. They add that they had to postpone purchasing a new car because of the risk of being refused credit or a higher interest rate being applied. Mr H also says that his wife suffers with anxiety and that, as they are both self-employed, the time spent on this has adversely affected their businesses.

Santander accepts that Mr and Mrs H's mortgage payment was not redirected during the switch as it was incorrectly showing as inactive. It says it has contacted the mortgage provider about the late payment marker from December 2022 but has been advised that this cannot be removed. Santander offered Mr and Mrs H £250 for the costs incurred and inconvenience caused, but this was declined.

Mr and Mrs H's mortgage provider subsequently agreed to amend their credit files at the end of March 2023, advising it could take up to eight weeks to do so.

Our investigator did not recommend the complaint should be upheld. He found that the offer of £250 compensation was fair in the context of the complaint.

Mr H responded to say, in summary, that:

- The issue could have impacted them for five months;
- It was down to them to pursue the mortgage provider to get the late payment marker removed;
- His credit score is still slightly lower than it was before the account switch;
- He is concerned that the issue will affect the forthcoming mortgage renewal;

## 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.

Santander accepted that the direct debit issue was caused by an error in its switching process. I'm satisfied this meant that Mr and Mrs H missed their December 2022 mortgage

payment, but this was remedied as soon as they were aware of the issue on 12 January 2023. Although this meant they incurred a small amount of additional interest (£0.26), I understand that the bigger issue was the late payment marker on their, previously excellent, credit records. Mr and Mrs H said that, in resolution, they wanted their credit ratings restored and a gesture of goodwill for their time, stress and the exacerbation of Mrs H's anxiety.

I've seen evidence that Mr and Mrs H's credit ratings were restored by April 2023, so I now need to consider the impact this had on them and what level of compensation would be fair.

Firstly, I have considered whether Mr and Mrs H have suffered any financial consequences (apart from the small interest charge) due to Santander's error. Although Mr and Mrs H said they delayed applying for credit for a car due to the information on their credit file, I can't conclude they suffered any financial detriment as a result. I also acknowledge their mortgage is due for renewal, and they're concerned about the impact on future borrowing. Whilst I appreciate their concerns, I've seen no evidence this will be the case and this service cannot make awards for losses that may or may not happen. Indeed, although Mr H says his credit rating is still not fully restored, I can't say the difference (639 to 631) is either statistically significant or due to the missed mortgage payment. Finally, I accept Mr and Mrs H say that the time they took to sort out the issues affected their respective self-employed businesses, but I've seen nothing to suggest that Santander's mistake had a direct effect on their income.

That said, even though I cannot find that Mr and Mrs H have suffered financially, I do empathise with the worry this has caused, especially to Mrs H, and the time this has taken to sort out. I can see there were a number of phone calls, letters and branch visits as a direct consequence, and I accept that Mr H says that it was down to them that the late payment marker was removed. I am not in any doubt that this level of distress and inconvenience warrants an award from Santander, but, with regard to the level of awards that this service usually recommends, I find that the £250 offered by Santander is fair and reasonable.

## My final decision

My decision is that Santander UK Plc should pay Mr and Mrs H £250 as it has offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 27 October 2023.

Amanda Williams

**Ombudsman**