

The complaint

Ms C is unhappy with how she has been treated by Santander UK Plc, in relation to her mortgage.

What happened

Ms C holds a mortgage with Santander. The mortgage was taken out with Abbey National in 2002 and later transferred to Santander.

Ms C contacted Santander in March 2023 to say the statement she'd recently received wasn't mathematically correct. Santander's representative said the mortgage was an 'offset' account and gave an explanation as to how the mortgage functioned, saying the money Ms C thought was missing was going into the 'savings pot' element of the mortgage.

Ms C said she didn't have an 'offset' mortgage and she didn't think Santander's explanation was good enough, so she raised a complaint.

Ms C was contacted by another of Santander's representatives. They said the mortgage was operating as it should but during the conversation Ms C became concerned that Santander had at some point changed the type of mortgage she had, without gaining her consent. Ms C said she had taken out a repayment mortgage but was now being told it was in fact an offset mortgage. Ms C also became concerned that Santander didn't seem to hold accurate records about her mortgage.

Santander sent Ms C a final response letter, in which it said it wasn't upholding the complaint. In summary, it said that the mortgage was operating as intended. It said its records showed the mortgage began in 2002 and that its systems didn't show any information or documents relating to her 'old account', before 2002.

Ms C remained unhappy. She made a subject access request and referred her complaint to the Financial Ombudsman Service. In our Complaint Form, Ms C focused on her concerns about Santander changing her mortgage without her knowledge or consent and its poor record keeping. She also said she may have lost out by not making the most of an offset facility that she didn't know she had.

An investigator here issued an opinion on the case. They said Santander's records showed the mortgage had been a flexible repayment mortgage from the outset in 2002. They said the mortgage had been arranged through a broker and it would've been the broker's responsibility to explain the features of the product. The investigator said they couldn't see that Santander had made any changes to Ms C's mortgage without her consent.

Ms C remained unhappy. She didn't think the investigator's assessment was detailed enough and hadn't considered the poor customer service she'd received.

The investigator explained they had focused on what they considered to be the crux of the complaint, but they agreed to carry out further investigation. They obtained recordings of the calls that had taken place between Ms C and Santander leading up to and during her

complaint.

After considering this additional information, the investigator issued another opinion. They maintained their previous findings but also said that some of the information Santander had given Ms C when dealing with her questions and concerns had caused unnecessary confusion and led Ms C to worry about Santander's record keeping. The investigator recommended Santander pay £150 to reflect the unnecessary distress and inconvenience caused to her.

Santander agreed to this. Ms C asked for the matter to be escalated. She said Santander had told her the mortgage began in 2004, which was incorrect and was of particular concern. The investigator responded to say they hadn't heard this in any of the call recordings and asked Ms C to provide further information so this could be considered. I can't see that Ms C provided anything further.

The case was passed to me to make a final 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 agree with the outcome reached by the investigator, for fundamentally the same reasons.

Before I explain why, I want to set out my role as an Ombudsman. It isn't to address every single point that's been made to date. Instead, it's to decide what's fair and reasonable given the circumstances of this complaint. And for that reason, I'm only going to refer to what I think are the key points when I set out my conclusions and my reasons for reaching them. But, having read all of the submissions from both sides in full, I will continue to keep in mind all of the points that have been made, insofar as they relate to this complaint, when doing that.

I would add that my focus is on the points raised by Ms C when referring her complaint to the Financial Ombudsman Service. These can be summarised as follows:

- Santander changed her mortgage from a repayment mortgage to an offset mortgage, without her knowledge or consent.
- Had it been made clear she had an offset mortgage, she could have made use of this to put herself in a better financial position.
- Santander's record keeping in respect of the mortgage is unacceptably poor and she has not received satisfactory answers to her questions about the mortgage.

I've considered each of these points in turn.

Santander changing the mortgage from repayment to offset, without Ms C's knowledge or consent.

There is no evidence to suggest that Ms C's mortgage has changed type since inception. Records show she took out a flexible repayment mortgage with Abbey National in 2002 and that this later transferred to Santander. The mortgage has always allowed for overpayments to be made, that accrue in a 'savings pot'.

It seems Ms C's confusion arose from Santander having described her mortgage as being an 'offset' mortgage during the interactions that took place in the lead up to and during her complaint. The Santander representatives were using the term 'offset' to describe the affect of the savings pot element of the mortgage. There were missed opportunities to clarify this for Ms C, which I'll return to later.

Had it been made clear she had an offset mortgage, Ms C could have made use of this to put herself in a better financial position.

As above, Ms C does not have a full offset mortgage. However, the flexible features to do with overpayments, the build-up of a savings pot and this offsetting of interest mean that Ms C's flexible repayment mortgage does have some similarities with an offset mortgage.

The mortgage was arranged through a broker and it would've been the broker's responsibility to explain the key features of the mortgage to Ms C.

Notwithstanding this, Santander's records indicate that Ms C has been making regular overpayments since 2008 and that she has accrued a significant amount in the savings pot. During the call on 17 March 2023, Ms C said she was aware of her savings pot. In addition, Santander's contact notes indicate that in the past, Ms C has asked it to confirm when her savings pot would equal her outstanding mortgage balance, assuming a certain level of overpayments.

Bearing all of this in mind, I don't find that Santander has made any error here or otherwise treated Ms C unfairly, or that she has lost out in any way.

Santander's record keeping and explanations.

Having listened to the calls in the lead up to and during the complaint, I find that Santander did miss some key opportunities to provide clearer information and explanations. When Ms C was saying she had a repayment mortgage not an offset one, Santander's representative could and should have clarified that Ms C *did* have a repayment mortgage – one with flexible features. Had Santander's representative clarified this, I think it would likely have reduced Ms C's confusion and concern.

In addition, I find that Santander could and should have been clearer about the records it held in relation to the mortgage.

Ms C explained her mortgage was originally taken out with Abbey National in 2002 and later taken over by Santander, but the representative kept saying the system would only go back to 2002 and they couldn't see any records of what happened with Abbey National before that. The final response letter also said that the systems didn't show any information or documents related to Ms C's 'old account before 2002'. But there was no 'old account' and this is something that Santander should reasonably have been able to clarify.

Had it done so, this too would likely have reduced the frustration and worry Ms C experienced and possibly meant she didn't feel the need to make a subject access request.

I find that this means Santander did cause Ms C some unnecessary stress and worry. The investigator recommended Santander pay £150 to reflect this and I find this is reasonable. Such an award reflects a situation where the business has caused more than the levels of frustration and annoyance you might reasonably expect from day-to-day life, and the impact has been more than just minimal – which is what has happened here.

My final decision

My final decision is that I uphold Ms C's complaint in part and direct Santander UK Plc to pay a total of £150 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 5 February 2024.

Ben Brewer
Ombudsman