

The complaint

Mr S is unhappy that Santander UK Plc won't extend the term of his interest only mortgage and have passed the account to their solicitors.

Mr S's complaint is brought to this service by Mr S's son, his authorised representative. However, for ease of reference, I'll refer to Mr S solely throughout this letter.

What happened

Mr S had an interest only mortgage with Santander which was originally scheduled to end in September 2018. In early 2018, Mr S contacted Santander and explained that he would be unable to repay the mortgage amount when the term ended and requested a term extension. In response, Santander agreed to extend the term of the mortgage until November 2021.

In November 2021, Mr S again spoke with Santander and explained that he remained unable to settle the outstanding mortgage amount. Santander agreed to allow Mr S until January 2022 to sell the property. But Mr S didn't sell the property by January 2022, and he asked Santander for more time to arrange this.

Santander spoke with Mr S on several occasions throughout 2022 and 2023, but Mr S's house remained unsold, and his expired mortgage remained unsettled. Because of this, in September 2023, Santander began litigation proceedings against Mr S to repossess the house. Mr S wasn't happy about this, so he raised a complaint.

Santander responded to Mr S and said that after repeatedly giving him more time to sell the house and settle the mortgage, that they were no longer willing to do so. And Santander also confirmed that because the expired mortgage remained unsettled, they would be continuing with litigation to take possession of the property. Mr S wasn't satisfied with Santander's response and felt that they weren't taking fair account of his poor health and status as a vulnerable person. So, he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel Santander had acted unfairly in how they'd managed the situation, and so didn't uphold the complaint. Mr S remained dissatisfied, so the matter was escalated to an ombudsman for 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.

When Mr S first took the mortgage in 2006, Santander agreed to lend him the mortgage amount until 2018, at which time, as per the terms of the mortgage agreement, Mr S was required to repay the mortgage amount in full. And Santander were under no obligation or expectation to allow Mr S to borrow the mortgage amount from them for any period after the initial mortgage agreement came to an end in September 2018.

Similarly, in 2018, when Mr S asked Santander to agree to an extension of the mortgage

term, Santander agreed to extend the time they were willing to lend the mortgage amount to Mr S until November 2021. But Santander were under no obligation or expectation to allow Mr S to continue to borrow the mortgage amount from them beyond November 2021.

Importantly, in both instances, Mr S was aware that he was required to fully repay the mortgage amount when the agreed mortgage term came to an end. And, ultimately, it isn't Santander's fault if Mr S hasn't been able to arrange the full repayment of the mortgage amount as per his contractual obligation in this regard. And, as explained, Santander are under no obligation to continue to lend the mortgage amount to Mr S beyond the date that they agreed to – November 2021 – which was two and half years ago.

Mr S has explained that he feels that Santander haven't taken fair consideration of his age, ethnicity, or the state of his health. And he feels that by moving to take possession of the house, that Santander will effectively make him – a vulnerable person – homeless.

I can appreciate that Mr S would be reluctant to leave the house. But it must be remembered that Santander gave Mr S an initial term extension of over three years – from September 2018 until November 2021 – for him to arrange the settlement of the mortgage. And since that agreed term extension expired in November 2021, Santander have spoken with Mr S regularly, taking note of his personal circumstances, and have given him a significant amount of further time to arrange the settlement of the mortgage.

Additionally, at the time that Santander began legal action, Mr S appeared to have no method of repaying the mortgage balance other than through the sale of the property. It therefore seems clear that the property needs to be sold. And I don't feel that it would be in Mr S's best interests to delay the sale of the property any further here, given that any further delay in selling the property would mean that Mr S will be older and potentially more vulnerable than he is presently.

Accordingly, I'm satisfied that Santander have taken Mr S's personal circumstances into consideration and that they've provided Mr S with a fair and prolonged opportunity to arrange the settlement of the mortgage following the end of the mortgage term.

Ultimately, I don't feel that it's reasonable for Mr S to expect Santander to allow the mortgage to remain unsettled beyond the end of the mortgage term indefinitely, for the reasons I've explained above. And given the circumstances as I've explained them, I don't feel that Santander are acting unfairly by taking legal action to take possession of the property at this time – even in consideration of Mr S's personal circumstances.

Santander's notes confirm that Mr S first discussed the possibility of selling the property to settle the mortgage with them in July 2017. And Mr S repeatedly told Santander that he would look to sell the property to settle the mortgage throughout 2022 and 2023, after the extended term of the mortgage expired. But Santander's notes also confirm that there were several times throughout 2022 and 2023 when they could find no record of the property being listed for sale.

Accordingly, given that the property remained unsold in September 2023 – five years after the original mortgage agreement stipulated that mortgage needed to be settled, and nearly two years after the extended mortgage term came to an end – it doesn't seem unreasonable to me that Santander would have lost faith in Mr S's ability or willingness to settle the mortgage and to therefore consider litigation to take possession of the property so that they could arrange the sale of the property themselves.

In his correspondence with this service, Mr S has said that Santander's actions have had a detrimental effect on his mental health, and that he's incurred legal costs which should

reasonably have been avoided. Again, I can sympathise with Mr S in this regard. But I can only reiterate that I feel that he's had fair and ample opportunity to arrange the settlement of the mortgage himself. And because he hasn't done that, I don't feel that Santander have acted unfairly or unreasonably by following the process that they have here. And because I don't feel that Santander have acted unfairly, I don't feel that they should be considered as being responsible or accountable for the impact of their current actions on Mr S.

I realise this won't be the outcome Mr S was wanting, but it follows from all the above that I won't be upholding this complaint or instructing Santander to take any further or alternative action. I hope that Mr S will understand, given all that I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 June 2024.

Paul Cooper
Ombudsman