

The complaint

Mr and Mrs C complain that Santander UK Plc didn't tell them that their fixed interest rate mortgage deal was ending. They said they ended up paying interest that could've been avoided if Santander had written to them, either before or after the deal ended.

What happened

Whilst this complaint is brought by both Mr and Mrs C, as the mortgage is in both their names, our dealings have been with Mr C. So I'll mainly refer to him in this decision.

Mr C told us he'd had a number of fixed interest rate mortgage deals with Santander previously. He said each time the fixed rate was due to end, Santander had written to tell him this. He sent us the last such letter he received, in July 2020, telling him his fixed rate deal was coming to an end in September 2020.

Mr C said he wanted to pay off the mortgage when his latest fixed interest rate deal ended. But he'd belatedly discovered it had ended on 2 October 2022. Mr C said he hadn't received any notification beforehand to tell him that the rate was ending or what his new variable rate would be. Mr C said he knew the expiry date was set out on his annual statement, but he thought he was within his rights to expect the usual paperwork, as previously received.

Mr C said on 22 December 2022 he received two letters from Santander. One told him his mortgage was due for repayment shortly. The second letter told him about an increase in the interest rate on his mortgage. He said he would have expected a letter like this second one, in October, but he said Santander had told him no such letter was sent in October.

Mr C said he thought he should have been charged around £300 in October, but he was only charged the same as the previous month, £92.10. Mr C said Santander didn't tell him about this mistake, instead the next month it charged almost double, with a direct debit of £507.31, to cover the increase for October as well as November. Mr C said he only discovered this mistake, when the December letter told him about an increase in Santander's Standard Variable Rate ("SVR").

Mr C said he complained in late December that he had received no notification of the fixed rate ending. He said Santander told him it had fulfilled its legal obligations and would not discuss the matter further. Mr C said Santander wouldn't tell him why its process had changed.

Mr C said if he'd known the fixed rate was ending, then he would have paid off the remaining mortgage on either 2 or 3 October. He had paid it off in mid-December instead. Mr C estimated he'd paid over £1,100 in extra interest because of what had gone wrong here (including while he was waiting for a response to his complaint) and he wanted Santander to pay this back. He also wanted compensation, and an apology from Santander.

Santander didn't think it had done anything wrong. It said it told Mr C about the end date of his fixed interest rate mortgage when he took this deal out, and reminded him of this in his

annual mortgage statements. Santander also said that a letter was sent out after Mr C's fixed rate deal ended in October 2022. Santander said it had followed its policy and processes, and it wouldn't refund any money to Mr C.

Our investigator didn't think this complaint should be upheld. She said Santander provided clear information about the mortgage product in its original mortgage offer and its annual statements. So she thought Santander had provided sufficient information to make Mr C aware of the product expiry date.

Our investigator said Santander had shown our service a letter dated 3 October 2022 which confirmed the mortgage had reverted to the SVR and told Mr C about the new monthly payments – which would take effect from 28 November 2022. Our investigator thought this also told Mr C that his old fixed rate had ended.

Our investigator said she sympathised that the expiry of this mortgage had coincided with a difficult period in Mr C's life, but she said she couldn't say that Mr C incurred financial loss solely as a result of an error or unfair action on Santander's part. So she said she wouldn't ask Santander to cover any additional interest Mr C may have incurred.

Mr C wrote to object. He said that there were inconsistencies in Santander's account, which had led him to conclude that Santander was lying to us. Mr C said he spoke to Santander on the phone on 22 December to register his complaint. The agent told Mr C that Santander was under no obligation to remind customers that their fixed rate deal is coming to an end. Mr C told us that when he pointed out that Santander had always done so before, the agent said *"we don't have to do that, we're under no legal obligation to do so, and we have discharged our duties"*.

Mr C said that he didn't get any letter from Santander dated 3 October 2022, telling him the mortgage had reverted to the SVR. And he thought that if such a letter had been sent, then the agent he spoke to when lodging his complaint would have mentioned it. But he made no reference to it. Because the agent hadn't mentioned this letter on the call, Mr C thought Santander had made this up since.

Mr C said that Santander had now said this letter (which he didn't believe was sent) told him that new monthly payments would be effective from 28th November 2022. Mr C said if Santander had been more careful when it was making up this letter, it would have inserted the correct date of 28 October. Mr C said that his payments didn't go up until November. But he said if this letter had really been sent on 3 October, how could Santander possibly have known in advance that it would make a mistake, and not take the higher payment which he owed in October.

Our investigator didn't change her mind. She noted Mr C didn't accept that a letter was sent in October 2022, because this wasn't mentioned when Mr C raised his concerns. But our investigator said it was mentioned in Santander's written response to Mr C's complaint. She'd seen a copy of the letter, which was sent to the correct address. The payments mentioned there were in line with those taken from Mr C's mortgage account. So she said she couldn't agree that Santander had provided inconsistent information.

Our investigator said Mr C felt Santander couldn't have known that the payment taken on 28 October would be incorrect. But our investigator didn't think this payment was incorrect. She said that the increased interest took effect from 3 October, but Santander is required to tell customers before their payment amounts change. It gave notice on 3 October, and the changed payments took effect from 28 November, as the letter set out.

Our investigator said Santander isn't obliged to send out product expiry reminder letters. This isn't a regulatory requirement. She understood that Mr C had previously received such letters, but she still didn't think Santander's actions or omissions had resulted in Mr C incurring financial loss.

Mr C said he wanted to see the letter that Santander had sent. And he wanted it in the format it was sent. Our service sent him the letter we'd received from Santander, but Mr C said this wasn't the document that was sent.

In his previous reply to our investigator, Mr C had told us that, on the call of 22 December, Santander said there was no letter issued before his fixed rate ended, and that its agent "made no reference whatsoever" to a letter issued afterwards on that call. But here, Mr C said Santander had told him specifically that not only was no letter issued before his old rate ended, to warn him of that, but Santander had also said specifically that no letter was issued after this, to tell him about the different interest rate and that payments would rise. So that's why he thought the letter of 3 October was a fake.

Mr C remained unhappy that our service wasn't able to send him the letter in the format it was sent to him. He thought we must have received this by paper copy, or through a forwarded email, and whichever it was, he wanted that sent to him. He remained firmly of the view that no such letter had ever been sent. His further observations said that he'd been told in December, on the phone, that not only was no letter sent telling him about the upcoming end of his fixed rate mortgage, but Santander had also told him that they don't send letters advising customers of their revised monthly payment. So Mr C said he thought this letter of 3 October had been concocted purely as a defence against the complaint. And he wanted to know, if this letter of 3 October had been sent, why Santander had apparently made an exception to its processes, just for him.

Mr C wanted an ombudsman to consider his complaint. So this case came to me for a final decision. Before reaching my decision, I asked our investigator to send Mr C the screenshots we had received of the letter of 3 October, as it shows on Santander's internal system. I also asked her to send the single line from a larger database, which Santander has offered as evidence that this letter was sent. (Our service removed the remainder of this record, which does not relate to this complaint.)

I said then that it appeared Mr C was concerned that Santander was now claiming it had stepped away from its usual process, because it says it sent him notification of the change in his mortgage payments on 3 October 2022. But I said I wouldn't expect Santander to change the monthly payment amount on Mr C's mortgage without notifying him. So the 3 October 2022 letter was very much what I would expect to see issued, in circumstances like his when a fixed interest rate has come to an end and a new variable rate means that monthly payments will change.

I invited Mr C to comment further, and he has done so. He continued to state that it would be simple to create evidence like this after the fact, so he didn't think anything we'd sent him actually proved a letter was sent to him on 3 October, advising of his changed monthly payments. Mr C told us that he understood, from an industry source, that there was nothing stopping Santander from creating this evidence after the fact.

Mr C insisted he'd been told in December that Santander hadn't issued a letter after his rate had changed, and it was no longer obligated to do so. So Mr C said he'd had no notice of the greatly increased payment that was taken in November 2022. Mr C said he wanted a copy of any recording of the call he had to lodge his complaint, where this was said.

Mr C still thought that Santander had concocted this letter to provide a defence to his complaint, and he drew my attention to the comments he'd made earlier about the dates of payments in this letter (as set out above) which he thought provided support for his case. I then reached my final decision in this complaint.

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've reached the same overall conclusion on this complaint as our investigator.

I should start with the issue which is not in contention here. All sides accept that Santander didn't send Mr C a specific letter, prior to the expiry of the fixed interest rate deal on his mortgage, warning him that this deal was about to expire.

Mr C says he was entitled to expect such a letter, because he'd always received one before. Santander simply says it isn't obliged to send a letter to its customers before their fixed interest rate ends. It says it has done enough to meet its obligations by telling Mr C in his original mortgage offer, how long that deal will run for, and reminding him of the end date in his annual statements.

I understand that the expiry of this fixed rate deal happened to coincide with what I expect was both a difficult and busy period in Mr C's life, when a reminder that his fixed interest rate deal was ending would have been particularly useful. And I also appreciate that Mr C was accustomed to receiving these reminder letters from Santander. But I'm not able to say that it's either unfair or unreasonable for Santander not to have written to Mr C in advance, to draw his attention specifically to information which it had already provided to him on other occasions. So I can't say that it's Santander's fault that Mr C wasn't aware, before the start of October, that his mortgage deal would end then.

Mr C says he didn't realise the deal had ended until he received letters telling him about a change in rate in late December. Santander says it wrote to him on 3 October, to tell him that he would be paying its SVR, and to warn of upcoming changes in his monthly payment, scheduled to take effect in November.

As part of Mr C's complaint to us, he has said both that Santander didn't mention the 3 October letter on his call with it (and he thought if it had sent a letter on 3 October, it would have mentioned this) and that Santander had specifically denied issuing any letter immediately after his fixed rate deal ended, and said it was under no obligation to do so.

Mr C wanted our service to listen to the call he had to lodge his complaint on 22 December. But I won't further delay the resolution of this case, to request this call. That's because I don't think this call is key to resolving the issues here.

I think it's most likely that, on this call, Santander said it had no obligation to issue a letter before Mr C's deal ended, and simply didn't refer to the 3 October letter. I think that's most likely to be what happened, because I think it's unlikely that Santander would say it's under no obligation to issue a letter telling Mr C what interest rate he's going to be charged, or warning him that his payments, collected by direct debit, are going to change.

It wouldn't be right for Santander to say it's never under an obligation to tell customers when the interest rate charged on a mortgage changes. And the direct debit guarantee requires Santander to tell Mr C if there are any changes to the amount of money it's going to collect

through direct debit. That's why I said, when I wrote to Mr C, that the letter Santander says was issued on 3 October, was very much the sort of letter I would expect to see issued in his circumstances.

I know Mr C feels that it would be easy for Santander to create this letter after the fact. That's a very serious allegation to make, but I have considered what Mr C says carefully.

I have to consider what is most likely to have happened in this case. And what Mr C argues has happened, is that Santander not only didn't send a letter which wasn't a regulatory requirement, telling him that his mortgage rate was ending, but it then also didn't send a second letter, which is a regulatory requirement and a requirement of the direct debit scheme, telling him about changes to his upcoming payments.

I think it's simply more likely that Santander did send this second letter, and it unfortunately wasn't safely received by Mr C.

I've also considered what Santander said in that letter about payments. Mr C said how could Santander know, on 3 October, that it was going to make a mistake about his October payment? I think the answer is simply that his October payment wasn't a mistake. Santander had always intended to make sure Mr C had plenty of notice of the change to his direct debit payment, so it only ever intended to change the payment amount in November. That would also fit with what Mr C later told us about a rate change letter he did receive – that these can take some time to arrive.

So even if I requested a recording of the call Mr C had with Santander on 22 December, and it said what Mr C now alleges, that there was no letter issued on 3 October, that wouldn't make me think this is what is most likely to have happened, and Santander did invent this letter later on. Rather, I would say that this was most likely to be a mistake on that call.

I understand that Mr C is very unlikely to agree with me, but I do think it's most likely that Santander did write to tell him on 3 October that his interest rate had changed, and his payments would increase in November, as it has since said. And because of that, I don't think this part of Mr C's complaint should be upheld.

I know that Mr C will be disappointed, but I don't think Santander has to repay interest he's paid on his mortgage, before redeeming it. And that means his complaint won't be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 18 September 2023.

Esther Absalom-Gough
Ombudsman