

## **The complaint**

Mr B complains about what happened when he wasn't able to pay the product fee for his new mortgage deal with Santander UK Plc. Mr B said Santander didn't make an effort to get in touch with him. He says it was unfair for Santander to just let his mortgage offer lapse.

## **What happened**

Mr B said he knew mortgage rates were rising, and was aware of the importance of securing a new fixed rate deal on his mortgage. He has shown us that he applied for a new mortgage online, with Santander, and received documentation in the post to sign. Mr B said he signed and returned this in mid-June, but he wasn't able to pay the requested product fee by cheque, because he no longer has a chequebook. He told us he tried to call Santander before returning the form, but he wasn't able to wait until the call was connected.

Mr B said he didn't hear anything back from Santander, so he said he had no reason to think his mortgage deal hadn't been applied. It hadn't, but he told us he didn't notice, because he had enough money in his current account to make higher than expected payments. He only realised when Santander wrote to tell him the standard variable rate ("SVR") was going up.

Mr B said Santander should have rung or emailed him to discuss a different payment method, but instead of making sure it got in touch with him, it had just let his mortgage offer lapse. Mr B said that wasn't fair. Mr B said he rang when he found this out, but no one could help. He went into a branch, but again, no one would resolve this for him.

Mr B said he'd wanted Santander to send a redemption statement with his complaint response. It had agreed to that, but hadn't done so. And he said Santander takes around a week to actually put any correspondence in the post, which he said was also unfair.

Santander said Mr B had chosen to apply for his mortgage in this way. He didn't have to pay by cheque, he could have applied electronically, receiving documents by email and paying online. Or he could have added the fee to his mortgage. Santander said it could see Mr B had written a note on the form accepting the mortgage offer, saying he couldn't send a cheque. But it had no record that Mr B had got in touch with it after this, to discuss how this fee would be paid.

Santander said it had written to Mr B to say it had received the signed form, but would need the product fee to go ahead. And the letter said if Mr B didn't get in touch, the offer would lapse in 14 days. Mr B didn't get in touch, so Santander said it wrote on 4 July to tell him his old mortgage deal had ended, and he was moving on to the SVR.

Santander said Mr B got in touch on 22 September 2022. He'd just realised he hadn't got the new mortgage deal, although his payments had been considerably higher in August and September. Santander said the reason Mr B hadn't got the deal he wanted was just because he hadn't paid the fee. It didn't think it had done anything wrong.

Mr B said if Santander had written to him, then he didn't get that letter. And he said he got all Santander's other correspondence. Mr B said Santander also ought to know that he always replies to its correspondence, so he felt it should have made contact with him, to be sure he was aware of its letter, and to ask again for payment. Mr B said Santander should have just rung or emailed with an alternative way to make payment, then all of this could have been avoided.

Our investigator didn't think this complaint should be upheld. He said Santander had told us the mortgage switching process could have been done entirely online, emailed to Mr B, who could have accepted and paid the fee online. Mr B chose to do this by post.

Our investigator said after Mr B returned the signed form, it appeared he had assumed the change had been processed, although he hadn't paid the fee. Our investigator felt Mr B needed to try more than the one call he had attempted, to pay the fee over the phone. He said Santander can't add a product fee to a mortgage without the customer's consent, so there was no way for Santander to process the application.

Our investigator said Santander had written to Mr B about the missing fee, and made clear that if it didn't get a reply, it would assume he no longer wished to proceed. Our investigator noted that Mr B said he didn't get this letter, but our investigator thought it was sent, and it wouldn't be Santander's fault if it didn't arrive. With no reply, Mr B's offer then lapsed.

Our investigator said there was no evidence Santander had made a mistake. He understood Mr B felt it wasn't fair and reasonable for Santander not to make more effort to contact him about the missing fee, but our investigator said that wasn't a mistake by Santander, it's the process Santander goes through for mortgage switching. We can't ask Santander to change that.

Mr B replied to say that he didn't think that we were taking a fair and reasonable approach. He said our investigator's view could not be any less fair or reasonable. Mr B wanted an ombudsman to consider his complaint, so this case was passed to me 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.

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

Mr B chose to switch his mortgage deal through a paper-based process, and to pay the product fee for the product he had chosen upfront. He received the paperwork for this.

Although Mr B has complained that Santander takes around a week to actually issue its correspondence, I don't think that has affected the outcome of this case. So I don't think Santander has to do anything to make up for that.

The paperwork Mr B received asked him to send the signed forms, and a cheque to pay the fee. But then, like many people nowadays, he realised he no longer had a chequebook. Mr B wrote a note to this effect on his form, and returned it.

Mr B says it is grossly unfair that Santander didn't make more of an effort to get in touch with him about this. Like our investigator, I think it did write to him. And this letter, whilst it still asked Mr B to pay by cheque, also said he could call Santander if he had any questions.

Santander has said it would have been happy to take payment over the phone, if Mr B had spoken to it.

I know Mr B says he never got this letter. I don't think that's Santander's fault. Mr B says it isn't his fault either, and he feels he's worse off, because a letter wasn't delivered. I understand that's unfortunate, if this letter didn't arrive, but I don't think it was the only opportunity to avoid what went wrong here.

Mr B told us he rang Santander once, and didn't manage to get through. He didn't call back. So he never spoke to anyone about paying the fee for his mortgage. And the note he attached to his form said -

*"Please note – I do not have a cheque book to pay product fee! Called 0800 783 9738 but could not get an answer."*

There's no offer to make payment here, no request that Santander contact Mr B, and no agreement to the product fee being included in the mortgage. Mr B has stressed that he's very familiar with the mortgage renewal process, so I'm sure he'll understand that Santander wasn't able to simply add his product fee to the mortgage without his agreement. And Santander didn't ignore Mr B's contact with it. It wrote to him, to ask him to pay the outstanding fee, and offering a way to get in touch if he had any questions about that.

Mr B says this wasn't a sufficient effort on behalf of Santander, and it ought to have tried harder to contact him. I'm sorry to have to tell him that I just don't agree. I think that, in a situation where Mr B has been given a choice of ways to pay a fee, he has chosen one particular method – payment by cheque – then finds he cannot make payment in this way, the onus is on him to contact Santander, to make a different arrangement. And I think it's because Mr B didn't do so, that his mortgage switch wasn't actioned.

Mr B also said Santander agreed to send him a redemption statement with his complaint response letter, but didn't do so. It doesn't appear that Santander has accepted this, as its final response letter says *"As discussed, if you would like to redeem the mortgage you would need to contact the redemptions department..."* Redemption statements do need to be produced close to the time of any planned redemption, so I don't think it would be unreasonable for Santander to indicate Mr B should contact the relevant team, for an up to date statement, once he's ready to redeem.

I know that Mr B will be disappointed, but I don't think Santander has acted unfairly or unreasonably in this case. And that means Mr B's 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 B to accept or reject my decision before 22 August 2023.

Esther Absalom-Gough  
**Ombudsman**