

The complaint

Miss B complains that Santander UK Plc has treated her unfairly when she asked to switch the product rate on her mortgage.

What happened

Miss B arranged a new fixed rate product for her mortgage through a broker. On 7 January 2023 Miss B accepted an offer for a new product which was due to start on 3 February 2023.

On 9 January 2023 Santander wrote to Miss B and said if she wanted to cancel or change the deal accepted with it, she'd need to contact her broker to confirm this at least 14 days before the mortgage start date.

Between Miss B's new mortgage rate starting and her accepting this new rate, Santander lowered its fixed rate products and this meant the rate Miss B had accepted was more expensive than the new rate. On 23 January 2023 Miss B called Santander and asked it to move her to the new lower fixed rate product. Santander said because she was within the last 14 days before the new deal was due to start, she was not able to cancel the rate previously accepted without incurring an early repayment fee (ERC).

Miss B said she felt Santander should have informed her that rates were due to change and decrease and as an existing customer, it has treated her unfairly when this wasn't made clear. When she accepted the higher rate she has been financially disadvantaged over the next 5 years with a higher monthly repayment than she could have otherwise been making.

Our investigator looked at Miss B's complaint and didn't think Santander had done anything wrong when it didn't agree to move her to the newer rate within the 14-day period. And he didn't think it had an obligation to tell Miss B the rates were going to decrease. He said these can change with market conditions and it wouldn't be fair to expect Santander to know how the rate might change in the future. He also thought that because the re-mortgage was arranged by a broker, they were responsible for providing Miss B with the information she needed to make an informed choice – although it was unlikely they'd have been aware how Santander's rates might have changed in the future.

Miss B did not agree and said she didn't think it was fair for her to be expected to check the interest rates daily to see if they were reducing. And because of the weekend falling when it did when the rates changed, it had been more difficult to do anything. Overall she felt Santander should have an obligation to notify her if the rate is changing. And it should allow her to change the rate now when it failed to do this.

Our investigator's opinion remained unchanged and Miss B asked 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 decided not to uphold this complaint for the same reasons as our investigator. I know Miss B will be disappointed but I'll explain why I've reached this decision.

Santander explained to Miss B after the offer was accepted that there would come a time when it could not be changed. Its email on 9 January 2023 explained this and set out that any cancellation of the rate selected could only be done if there was at least 14 days remaining before the new rate was due to start.

When Miss B did not request to change her product with at least 14 days before it was due to start, she missed the opportunity to do so without incurring a charge. And I don't think Santander has acted unfairly when it said this couldn't be done.

I appreciate the frustration Miss B will have over this but the timeframe was made clear and it wouldn't be fair to ask Santander to waive this. It is a process applied to all customers and she hasn't been treated differently when the request wasn't accepted.

I understand part of Miss B's complaint is focused on her belief that Santander should do more to let her know how its rates are changing or anticipated to change. As our investigator has said, the sale was not completed by Santander, but instead a broker and so the information at the point of sale would be its responsibility to provide. But as Miss B has said, she was an existing customer of Santander moving from an old rate to a new with the same lender, so I can see why she feels it could have done more.

Ultimately though I don't think this is a fair expectation. Interest rates on mortgages are reactive to the market conditions and even when these are relatively stable, certainty on future changes is difficult to find. Santander processed the application for a new rate put forward to it by the broker based on the rates it had available at the time. Any future rates could not have been known or shared until these were published. And after the new rate was within 14 days of completing, this could not be cancelled without an ERC being applied.

My final decision

For the reasons I've explained above, I don't uphold Miss B's complaint against Santander UK Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 13 November 2023.

Thomas Brissenden
Ombudsman