

The complaint

Mr C has complained that Santander UK Plc processed a product switch on a mortgage account he holds jointly with his former partner, Miss B, without his consent. To settle the complaint, Mr C wants Santander to unwind the new mortgage product, and pay compensation for his ongoing costs, including the solicitors' fees, mediation costs and all the indirect costs of his equity being tied into the property for the next 30 years.

What happened

The details of the complaint are well known to the parties so I will give only a brief summary of what led up to the complaint being made. Our decisions are published and so it's important that I don't include any information that might lead Mr C or Miss B to be identified.

Briefly, Mr C and Miss B had a joint mortgage that had been on a fixed rate of 1.99%. The fixed rate expired in August 2020 and the mortgage moved onto Santander's Follow-on Rate (which I will refer to as FR), which is set at 3.25% above Bank of England Base Rate.

I understand Mr C and Miss B had separated by this time, and Mr C was no longer living in the property.

In September 2020 and February 2021 Miss B wanted to change the mortgage onto a new product, but Mr C didn't sign the forms to allow the product switch to go ahead.

In April 2021 Mr C provided Santander with his new address.

In July 2021 Santander transferred the mortgage onto a new product, a tracker rate of 1.49% above Bank of England Base Rate. Miss B paid the product fee, and there was no early repayment charge or other fees involved in the mortgage. Confirmation of the switch was sent to Mr C's old address.

Mr C complained to Santander, because it had been done without his consent. The bank explained that the product switch had resulted in no financial detriment to Mr C. The bank offered compensation of £50 for writing to the wrong address.

Dissatisfied with Santander's response, Mr C complained to the Financial Ombudsman Service. An investigator looked at what had happened. Having done so, he didn't think Santander had acted unfairly in switching the mortgage product, as there was no financial detriment to Mr C. But he asked Santander to pay a further £100 for sending correspondence to the wrong address.

Santander agreed with this, but Mr C did not. He remained very unhappy about the product switch, which he said had been done *"in a dishonourable manner behind my back"*. He thought Santander should have obtained all the information about any financial difficulties before switch the product. Mr C was also unhappy that Santander had told Miss B that he had made a 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'm aware that the background to this complaint lies in very unhappy circumstances for Mr C arising from a family breakdown and I've taken note of everything he's said about the effect of this on him. I have no doubt this has been a difficult time for Mr C. But I have to look at the evidence impartially and not allow myself to be swayed by emotion.

I appreciate that the product switch was carried out without Mr C's consent. However, I'm satisfied that this has ultimately benefitted Mr C, because it has served to reduce the monthly instalments. Consequently it has made the mortgage more affordable, with less risk of default and a reduced risk of adverse credit data being recorded against Mr C – who is jointly and severally liable for the entirety of the mortgage repayments, as is Miss B.

In practical terms, I'm not persuaded that the best solution, either for Mr C or Miss B, would have been to keep the mortgage on higher payments than necessary. I know Mr C didn't want the mortgage to be cheaper, but if Santander had not put the change in place, the effect would have been that Mr C and Miss B would both have been liable to pay more than would otherwise be the case.

Mr C says he is concerned that his equity is tied up for the next 30 years. However, the original mortgage was over a term of 33 years from 2018, and the product switch has not resulted in any term extension. So even if the switch hadn't taken place, Mr C would still have been committed to the same mortgage term, albeit at a much more expensive rate of interest.

I'm also satisfied there is no early repayment charge that would arise if the mortgage was repaid before the end of the term. Given this, I'm unable to find Mr C has suffered any financial loss or detriment as a result of the mortgage being switched to this new product. I think it was an example of good industry practice in a situation like this for Santander to offer a new preferential rate without an ERC. I don't believe it would have been fair or reasonable for Santander to withhold a new rate where the new product has benefitted Mr C and Miss B jointly, was of no detriment to Mr C and where withholding the rate would have led to the mortgage costing more.

Given this, although I understand Mr C's unhappiness that Santander switched the mortgage to a new product without his consent, in the particular circumstances of this case, I believe that the bank acted fairly and reasonably. This means that I'm not upholding Mr C's complaint about the product switch.

Santander did make an error, however, in not updating Mr C's address on its system. This doesn't affect the main issue in the complaint, because I think the product switch was the right thing to do. But it was poor customer service and meant that Mr C only found out after the event.

I note Mr C has raised a new issue – that Santander told Miss B he'd made a complaint, which he says is a breach of his personal data. That doesn't form part of the original complaint Mr C raised with us, and so I'm not able to consider it here. In addition, a complaint about the way Santander has dealt with a complaint isn't an activity that's covered by our rules and so is outside our jurisdiction. Complaints about breaches of personal data are more suitable for the Information Commissioner's Office.

Putting things right

Santander made a mistake in not up-dating Mr C's address on its system. I agree with the investigator that the £50 compensation Santander offered isn't enough, and that a further £100 should be paid for any trouble and upset caused by this.

My final decision

My final decision is that I partly uphold this complaint. In full and final settlement, in addition to the £50 compensation already offered, Santander UK Plc must pay Mr C £100 for trouble and upset. I make no other order or award.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any correspondence about the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 4 May 2022.

Jan O'Leary
Ombudsman