

The complaint

Mr and Mrs C complain that Santander UK Plc (“Santander”) didn’t send them a closing statement when they redeemed their mortgage. Once a statement was sent, it was not in the usual format and was hard to understand and Mr and Mrs C say a copy was also sent to their old address when it shouldn’t have been.

What happened

Mr and Mrs C redeemed their mortgage on 29 June 2021. Shortly after, they say their account details were removed from their online accounts so they could no longer see the account status. Mr and Mrs C say they were expecting to receive a closing statement, so when they didn’t receive anything, they contacted Santander to request one.

Mr and Mrs C say they received what looked like an internal copy of a statement that was formatted differently to what they would usually see. They queried why it showed a remaining credit of £0.38 and why, at the bottom of the letter, there was a reference to two loans with different interest rates.

Santander looked into Mr and Mrs C’s complaint but said that it doesn’t usually issue a closing mortgage statement. This is because a redemption statement would have been issued prior to the mortgage account closing, which would have had the up to date information on it. In this case, the redemption statement would have been sent to Mr and Mrs C’s solicitors.

Santander went on to say that the £0.38 was an interest adjustment from when they took a payment deferral during the coronavirus, Covid-19 pandemic (“the pandemic”) but confirmed that it had received the correct redemption amount and the account is now closed.

As Mr and Mrs C didn’t accept Santander’s answer, our investigator looked into their concerns, but they didn’t think Santander had done anything wrong. Mr and Mrs C remained unhappy, so the complaint was referred to me for a decision. I issued a provisional decision on 4 November 2022 and I explained why I thought the complaint should be upheld. Below is an extract of what I said:

“Mr and Mrs C still think Santander should have sent them a closing statement. I can understand why they would have wanted this, but a redemption statement was issued to Mr and Mrs C’s solicitor and I can see why Santander would have expected their solicitors to share that with them. The information on the redemption statement should provide all of the data up to the point of the account closing, so Santander doesn’t routinely send anything further.

I can’t tell Santander to send closing statements as standard practice. It’s up to Santander to decide whether it wants to or not. But when Mr and Mrs C asked for a closure statement – one was sent to them and so I’m satisfied Santander didn’t do anything wrong with regards to this element of their complaint.

Mr and Mrs C found it difficult to interpret the statement they were sent as it was in a different format to what they would usually receive. Unfortunately, as closing statements aren't routinely generated, the only way Santander can provide one is to share its internal statement history which presents the information slightly differently. I don't think this is avoidable and isn't something I can ask Santander to change.

Mr and Mrs C were particularly concerned that the statement referred to interest rates associated with 'loan 1' and 'loan 2'. Santander has said that it can't explain why the statement makes reference to two loans and confirms that Mr and Mrs C only had one. It has confirmed that the rate listed next to 'loan 2' was the relevant rate applicable to Mr and Mrs C's account.

Mr and Mrs C used both rates to calculate the final interest charges and felt there was a discrepancy. They were charged £1,395.22, followed by £873.79 before the account closed and they think this was too much.

Santander has explained that Mr and Mrs's C interest is charged on the 10th of every month, so the first interest they were charged at £1,395.22 relates to the full period of interest from 11th May through to 10th June. But as their mortgage wasn't redeemed until later on in the month – 29 June 2021 – the second interest charge covers that period. It might help to explain how interest was calculated on their interest only mortgage:

- *Capital balance x interest rate ÷ 12 ÷ days in month x actual number of days between last payment due date and date of making the payment*

Considering this, I'm satisfied the amounts shown were correct. But I do appreciate the reference to two loans and two different interest rates would have been confusing to Mr and Mrs C and I think Santander could have done more to reassure them the reference to two loans should be ignored.

In terms of the £0.38 credit showing on the statement, again, I appreciate why Mr and Mrs C wanted this explained, but Santander did confirm it was an interest adjustment to their account following payment deferrals that were granted during the pandemic. The credit is not an outstanding amount on the account – it was factored in at the time of redemption, so Mr and Mrs C do not owe anything further and are also not due a refund as this would already have been deducted from the outstanding sum on redemption.

Mr and Mrs C are also unhappy correspondence has been sent to their old address. Santander has provided Mr and Mrs C's address history which shows Mr C's address was changed on 30 June 2021 – the day after their mortgage was redeemed. But Mrs C's address wasn't updated until 20 October 2021. This would explain why Mr and Mrs C's correspondence was still being sent to their address some time after they moved. I should point out that if Mr C updated his address, that wouldn't automatically update Mrs C's record – this would have to be done separately.

But Mr and Mrs C have provided a copy of a letter dated 23 November 2021, addressed to them both at their old address. They have confirmed that it was forwarded to them because they had arranged for their post to be redirected.

So, it does appear that Santander's sent letters to Mr and Mrs C's old address when they shouldn't have. I asked Santander to comment on this, but it hasn't explained why this may have happened. Mr and Mrs C say they have received three redirected letters in total. I'm unsure how many of these were after 20 October 2021, but I'm satisfied at least one of them was because I have a copy of it.

I understand this may have caused some concern to Mr and Mrs C because even though their post was being redirected at the time, that won't last forever. And it also means they're reliant on redirection working, to avoid their personal information being received by the new occupiers. They shouldn't have to worry about this and so I think Santander should award a sum to recognise that and ensure it doesn't happen again.

So, in summary, I don't think Santander did anything wrong when it didn't automatically send Mr and Mrs C a closing statement. But I don't think Santander adequately explained why the closing statement Mr and Mrs C were sent referred to two loans and I can see that this would more likely than not have caused some confusion to Mr and Mrs C when they received it.

I also think Santander has sent correspondence to Mr and Mrs C's old address after they had been advised to change it on both of their accounts. While Mr and Mrs C's post was being redirected, preventing the new occupiers from receiving it, I can see why this would also have given them cause for concern. So, for these reasons, I think Santander should compensate Mr and Mrs C with £150".

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.

Santander accepted my provisional findings and made no further comments about the outcome of this complaint. Mr and Mrs C didn't accept my provisional findings and said they both spoke to Santander during the same phone call in June 2021 to change their address. They also provided a copy of a statement they say was sent in August 2021 that was addressed to both Mr and Mrs C at their current address. They say this proves Mrs C's address was updated prior to October 2021.

I've thought about what Mr and Mrs C have said carefully, but I still think £150 for the trouble and upset caused to them is fair. As I've explained above, I can see correspondence continued to be sent to their old address when it shouldn't have been. But Mr and Mrs C were having their post redirected, so they still received the correspondence that was addressed incorrectly.

If Mrs C received correspondence at their new address earlier than considered above, this doesn't have any bearing on the compensation I would award. That's because the date that letters continued to be sent to the wrong address is the mistake I'm considering, and nothing has changed there.

But, I would point out the statement Mr and Mrs C have provided is not dated, it only confirms the date range it's relevant for. So I can't be sure it was received in August 2021. And, in any case, as it's a joint account, it may occur that correspondence addressed to both parties was sent to the new address after Mr C's address was updated. I don't think this confirms that Mrs C's address was updated prior to October 2021. And I haven't seen any documented evidence to confirm whether it should have been or not. But Santander's address change records confirm Mrs C's address was not updated on its system until October 2021. Again, whether it should have been changed sooner or not has little impact on the outcome I've reached, I say this because it doesn't extend the period of time that letters were incorrectly sent to the old address, which was later.

I can't say for certain whether Mrs C's address should have been changed at the same time as Mr C's in June 2021 or not. And I don't think the statement they've provided confirms this. But ultimately, the resulting problem was that correspondence was still being sent to the old address when it shouldn't have been, and I have awarded compensation for the trouble and upset caused to reflect the period of time that went on for. So, for the reasons explained above, I still think Santander should put things right as set out below.

Putting things right

I think Santander UK Plc should:

- Pay Mr and Mrs C £150 for the trouble and upset caused to them.
- Ensure that no further correspondence is sent to Mr and Mrs C's previous address.

My final decision

For the reasons I've given above, my final decision is that I uphold this complaint and direct Santander UK Plc to pay Mr and Mrs C £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to accept or reject my decision before 2 January 2023.

Hanna Johnson
Ombudsman