

The complaint

Mr and Mrs B's complaint is about their mortgage account with Santander UK Plc. They say that they were given no notice that one of their interest rate products was due to expire on 2 April 2023. Mr and Mrs B switched to a new fixed rate product from 15 April 2023. However, they want Santander to compensate them for the stress they were put to when they thought their mortgage repayments would substantially increase. Mr and Mrs B also want Santander to change its procedures so that all borrowers receive reminder letters before their interest rate products expire.

What happened

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs B being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Mr and Mrs B have a capital repayment mortgage with Santander which is formed of two sub-accounts, and originally taken out in 2021 over a 25-year term. The 2021 mortgage offer shows the account was in two parts:

- £98,460 on a fixed rate of 1.59% to 2 April 2023;
- £97,501 on a fixed rate of 1.99% until 2 October 2022.

In September 2022, shortly before the 1.99% fixed rate expired, Mr and Mrs B switched that part of the mortgage onto a new fixed rate of 3.59%, to run from 3 October 2022 until 2 December 2027. The product switch offer shows the first part of the mortgage was still on the product which was due to expire on 2 April 2023.

The annual mortgage statement for 2022, sent out in early 2023, also showed that the interest rate product was due to expire on 2 April 2023.

On 15 April 2023 Mr and Mrs B received a letter from Santander informing them that the interest rate product had expired and that this part of the mortgage would move onto Santander's Standard Variable Rate (SVR). Mrs B contacted Santander that day and was able to arrange a new interest rate product.

However, a complaint was raised, because Mr and Mrs B said they were given no notice of when the interest rate product was due to expire. Mrs B said she has another mortgage with Santander and received reminders of when the interest rate product was due to expire on that mortgage. Because of this, she had expected this to happen with this mortgage too, and so hadn't herself monitored when the interest rate product was due to expire so that she and Mr B could apply for a new rate in time.

Santander didn't uphold the complaint. Santander said that it has to inform customers of any changes to the mortgage (such as a variation in interest rates), but it doesn't always send out a letter beforehand to remind customers of the impending expiry of an interest rate product. The bank said that, where there are different end dates for interest rate products on a single account, it doesn't monitor the individual accounts and notify the customers of when each product is about to expire; instead a system-generated letter is sent once the product has expired. Santander also said that the annual statement contained a section dedicated to interest rates showing the start and end dates for each product. Santander said it was up to the customer to contact the bank to arrange a new interest rate product.

Mr and Mrs B weren't happy about this and brought their complaint to our service. An Investigator looked at what had happened but didn't think Santander had acted incorrectly. Mr and Mrs B asked for an Ombudsman to review the complaint. They think it's unfair that, on their other mortgage they were sent a reminder of the product expiring, but on this one they weren't.

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.

Having done so, I'm afraid I have disappointing news for Mr and Mrs B; I'm not upholding the complaint. These are my reasons.

Santander has explained that, where a mortgage account is split into sub-accounts that are on separate interest rate products, its system doesn't automatically generate letters to send out when one of the interest rate products is due to expire. However, if a mortgage is on a single interest rate product, a reminder letter will be sent. I can't tell Santander how to set up its systems, or to change the ones it already has in place.

I'm satisfied that the annual mortgage statement sent in January 2023 shows that the interest rate product which is the subject of this complaint was due to expire on 3 April 2023. The statement also contains a page-by-page explanation of what the mortgage statement means. The section relating to the product end date is highlighted, in a separate box on the page. It says:

*"The **Product end date** shows when the features of your current deal will no longer apply to your loan(s) for example when your fixed product period ends. If you're on a fixed rate deal, you won't be affected by any changes to the Bank of England base rate during the product period. **You can book a new mortgage deal up to four and a half months** before your product end date. See page 8 for details."* (emphasis as in the original document)

On page 8 there is a detailed section about securing a new rate for the existing mortgage. It starts out by saying:

"You can check where to find out when your current deal ends on your statement: (see page 3). ..."

The section then goes on to explain how a new interest rate product can be selected.

Given this, I'm satisfied that Mr and Mrs B were given sufficient information several months before the interest rate product was due to expire to make them aware of this, so they could make arrangements to book a new rate before the old one expired.

I also note that in mid-September 2022 Mr and Mrs B switched to a new interest rate product on the other part of their mortgage, and they wouldn't have been sent a reminder letter for the expiry of that product either.

I appreciate Mr and Mrs B overlooked the expiry date on the interest rate product, but I'm satisfied they were given enough information to know when this was due to expire – and what they could do to book a new rate – well in advance, from the information on the annual statement. I'm therefore unable to find Santander to be at fault. As I've already said, if Santander's system is set up so that it doesn't send out reminders where there are different products on a single account, I don't have the power to tell the bank to change that.

My final decision

Whilst I acknowledge Mr and Mrs B will be disappointed, my final decision is that I don't uphold this complaint.

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 discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 10 April 2024.

Jan O'Leary
Ombudsman