

The complaint

Mr and Mrs D have complained about delay by Santander UK Plc in processing their application for a further advance on their mortgage.

Mr D, who has dealt with the complaint throughout, says that if Santander had acted in a timely fashion to get to a point in September or October 2022 to offer a fixed rate, he and Mrs D would not now be on a variable interest rate which is costing them significantly more each month than they were previously paying. In addition, Mr D says that he and Mrs D have still not been able to raise the additional £200,000 they needed to complete the renovations on their property.

Mr D says he estimates their current financial loss at £111,650, but would like Santander to compensate him and Mrs D for the financial loss over the next few years, due to them not being able to lock in a five-year fixed rate in 2022, which is what they'd wanted to do.

Mr D is also dissatisfied at Santander's response to his complaint, saying that the bank only paid "lip service" to addressing his complaint.

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 D 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 D have a mortgage with Santander. In June 2022 they applied to borrow an additional £200,000 to carry out building work on their property. The application took longer than Mr and Mrs D had anticipated.

Mr D complained about the service provided by Santander. In its final response letter, Santander noted that the documentation the underwriter had requested to progress the application hadn't been received until 12 January 2023, by which point other documentation on file, e.g. wage slips, had expired, and Mr D told Santander that he and Mrs D no longer wanted to proceed with it.

Santander acknowledged there'd been a delay in September 2022 in arranging an appointment and paid compensation of £50 for this. However, Santander didn't think there'd been any other undue delay.

Dissatisfied with Santander's response, Mr and Mrs D brought their complaint to our service. An Investigator looked at what had happened but, after reviewing the timeline of events, didn't think Santander was at fault, other than for the short delay in September 2022, which the bank had already acknowledged.

Mr and Mrs D didn't accept the Investigator's findings and asked for an Ombudsman to review the complaint. They've provided no further evidence or arguments, but instead have referred me to Mr D's original complaint letter.

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 have disappointing news for Mr and Mrs D; I'm not upholding the complaint. These are my reasons.

The application started on 24 June 2022. The initial stage was information-gathering, before the application was submitted to underwriters. Santander didn't receive all the information it needed until 23 August 2022.

However, there were further questions to be asked, because Mr D's employer had recently changed ownership, and so he'd lost access to historic pay documents. Mrs D had multiple income streams, some of which were classed as self-employed. In addition, there were high credit commitments and other spending which affected affordability. I note that on 7 September 2022 Mr D confirmed to Santander he had paid off some unsecured credit.

I see from Santander's contemporaneous notes that the mortgage adviser was trying to arrange to speak to Mr D. The adviser says that the call had to be re-arranged a couple of times, which is borne out in the notes. Unfortunately, this was around the time of the mini-budget in September 2022, which resulted in a rise in interest rates. This in turn had a knock-on effect for mortgage lenders, all of which reported a huge spike in enquiries in late September and early October 2022, where customers were trying to arrange new mortgage products before interest rates rose again.

The impact of this on Mr and Mrs D's application was that it wasn't possible to arrange an appointment with the adviser until 7 October 2022. The application was passed to an underwriter on 12 October 2022. After looking at the information on file, the underwriter had further information requests. Some of these were in relation to income, because the payslips submitted initially were more than three months old and so more recent information was needed. Others were in relation to the work Mr and Mrs D wanted to do on the property, and queries arising out of earlier information that had been submitted.

Santander's system notes shows that Mr D uploaded the final documents requested onto the bank's portal on 12 January 2023 at 4.36pm. However, the underwriter had further questions arising from these, and in addition, earlier documentation that had been uploaded had expired. On 30 January 2023 Mr and Mrs D decided not to proceed any further with the application, and Mr D raised his complaint in early February 2023.

The role of the mortgage advisers is to gather information relevant to the application, advise on the type of products available and which one is considered most suitable, and then forward the application to underwriters. Once an application is at underwriting stage further queries often arise as underwriters carry out more detailed affordability checks and risk assessments. There is nothing untoward about this, it is part of the application process. I've reviewed the information on file, and I'm satisfied the underwriter's queries are reasonable, and that this was information Santander would have needed to assess the request for further borrowing.

There was a delay of about three weeks in arranging for Mr D to speak with a mortgage adviser, which didn't take place until 7 October 2022. Santander has accepted that this delay shouldn't have happened. As I said above, this was at a time of unprecedented demand by customers to lock in new mortgage interest rate products, but as Mr and Mrs D's application was already under way, they should have been given an earlier appointment. However, I'm not persuaded this delay undermined the entire transaction, because the information the underwriter required wasn't provided until 12 January 2023.

Overall, I'm satisfied that the £50 compensation already paid by Santander for the delay in arranging the mortgage adviser appointment is fair and reasonable. The timeline of events doesn't persuade me that there was any other inordinate, inexcusable or unreasonable delay by Santander, or that the information it was requesting in order to progress the application was unnecessary.

Mr D has also expressed his dissatisfaction at Santander's response to his complaint, saying that the bank only paid "lip service" to his concerns. However, the final response letter dated 7 February 2023 addresses the complaint in full, although I appreciate the outcome isn't what Mr D wanted.

In the circumstances, other than the delay mentioned above for which the £50 was paid, I'm unable to find that Santander is at fault.

My final decision

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 D to accept or reject my decision before 11 April 2024.

Jan O'Leary
Ombudsman