

## The complaint

Mr M complains that he got a higher interest rate than he should have done on his mortgage with Santander UK plc when he re-mortgaged to it.

## What happened

Mr M had a mortgage with another lender. He wanted to re-mortgage and take additional borrowing to cover the costs of extending the lease on his property. He approached Santander and in August 2023 it gave him advice and recommended a mortgage to him.

Santander recommended a five-year fixed interest rate product of 5.49%, and on 15 September 2023 it issued a mortgage offer for that product. The offer was due to expire in March 2024.

Mr M couldn't go ahead with the re-mortgage straight away because of delays in negotiating the lease extension with the freeholder. In January 2024 he contacted Santander. He said he had seen interest rates had recently fallen, and asked whether Santander could offer him a lower interest rate on the mortgage.

On 11 January 2024 he discussed this with the Santander advisor who had dealt with his application and advised him originally. The advisor told him lower rates were now available and discussed the next steps if he wanted to re-apply for one of those lower rates. The first step was for Mr M to find out how much he now needed to borrow because that had changed slightly as his existing mortgage balance had reduced and the cost of the lease extension had changed.

Mr M provided that information to Santander soon afterwards. He says he then missed some calls from the Santander advisor, but he understood that the mortgage offer for the 5.49% fixed rate had been cancelled and he would instead be getting the five-year fixed rate of 3.89% which he had discussed with the advisor on 11 January.

On 14 February 2024 the mortgage completed on the 5.49% five-year fixed rate. Mr M complained because this wasn't what he thought had been agreed. Santander said it hadn't made a mistake, because Mr M had agreed to go ahead with the mortgage on the 5.49% rate and it hadn't issued an offer for the 3.89% rate.

Mr M referred his complaint to the Financial Ombudsman Service. Our Investigator didn't recommend that the complaint should be upheld. She considered that Santander had explained to Mr M what he needed to do if he wanted to apply for the lower interest rate.

Mr M didn't accept that conclusion and asked for it to be reviewed. He still considered Santander responsible for what had happened, and said it could easily have told him to ask his solicitor to make sure the mortgage didn't complete on the 5.49% rate. This was a complex transaction and he felt that Santander hadn't been clear about what he needed to do.

## 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've come to the same conclusion as the Investigator did, for much the same reasons.

I've listened carefully to the recording of Mr M's phone call with the Santander advisor on 11 January 2024. I'm satisfied that the advisor explained what Mr M needed to do if he wanted the new mortgage to be on the 3.89% five-year fixed interest rate. In particular, I'm satisfied that she was clear Santander would need to re-assess Mr M's application – it wasn't the case that she could simply change the interest rate on offer.

At 1 minute 28 seconds into the call, the advisor said:

"I can revisit based on the new rates [...] In order to do so however I need to make sure that I base my advice on up to date information, so if there's been any change to the amount that you require to purchase the freehold then we would need to adjust that accordingly [...] and equally you would have made payments towards your mortgage with [existing lender] so I just need up to date details of your existing mortgage to ensure that my advice is tailored correctly. [...] So you don't start the full process again. I just have a quick chat with you to make the necessary changes, look at the rates and then get it put back in front of the underwriters for decisioning."

At 4 minutes 15 seconds she said:

"You've got two options – you either proceed based on the offer that's already on the table, because that's valid for six months but then potentially you're paying unnecessary interest because interest rates have dropped, or we revisit it."

They discuss the changes Mr M might want to make to the amount he was borrowing and at 5 minutes 56 seconds into the call the advisor said:

"Anything that you do change, we have to adjust on the paperwork and it's not just a 'let's type over this'. We have to revisit it and put it back in front of the underwriters."

Mr M didn't have the information needed with him on the call, so the advisor gave him what she described as a "rough indication" of the available interest rate products at the time. They included a three-year fixed rate of 4.44% and a five-year fixed rate of 3.89%. The advisor pointed out however that the five-year rate would in practice run for longer than the 5.49% five-year rate Mr M had a mortgage offer for, because of the time that had passed since the existing mortgage offer was issued. She also pointed out that the mortgage term would need to be reduced slightly if Mr M applied for a different interest rate product, again because of the time that had passed since the existing offer was issued as the mortgage term needed to end by the time he would be 75.

The call recording Santander has provided, although only totalling around 20 minutes, is split into two parts. In the second part, at 6 minutes 44 seconds into the call, the advisor summarised what should happen next once Mr M had provided details of how much he now wanted to borrow and what for – she:

"would look at new interest rates. I'd make my recommendation and get fresh paperwork sent out to you, and then I'd get it back in front of the underwriters for their decision and an amended offer would then be sent out to your solicitor as well as yourself, OK?"

The advisor asked Mr M to call back to make an appointment with her once he had the relevant information and, at 8 minutes 8 seconds into the second call she said:

“And then once we know, then you’ve got a clear understanding as to what you need, I can make the recommendation and we’ll just get the ball rolling ASAP for you.”

It was reasonable and appropriate of Santander to want to reassess the lending proposition if Mr M wanted to take the new mortgage on different terms from those already agreed. It needed to satisfy itself that the mortgage was suitable for him. I think that Santander explained this clearly to Mr M in its phone call with him on 11 January and it made clear that once he had sent in the further information it needed changing the rate wasn’t an automatic process – the interest rate product wasn’t something it could just “type over”, as the advisor put it. The advisor told Mr M that he would need to discuss it with her, she would then revise her recommendation, the application would need to be underwritten in order for a new offer on a new fixed interest rate to be issued. Alternatively, she told Mr M he could go ahead with the mortgage offer he already had if he didn’t want to re-apply.

As Mr M has pointed out, Santander was the expert in this transaction and was responsible for advising him appropriately. Having carefully considered everything both he and Santander have provided, I think it did that, and I don’t consider that the advisor omitted information she ought reasonably to have given to Mr M on the 11 January call or that she told him the mortgage could or would complete on the 3.89% five-year fixed interest rate. The advisor then tried a number of times to contact Mr M to discuss making a fresh application but couldn’t reach him. The mortgage completed before they could have a further discussion.

Santander didn’t set the mortgage completion date – that was decided by Mr M and his solicitors in their capacity of acting for him in this transaction. It’s unfortunate that Mr M ultimately got a mortgage on a higher fixed interest rate than the rate that later became available, but I can’t fairly conclude that that happened because of anything Santander did wrong.

### **My final decision**

My final decision is that I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr M to accept or reject my decision before 18 December 2024.

Janet Millington  
**Ombudsman**