

The complaint

Mr J complains that Bank of Scotland plc, trading as Halifax, agreed a payment holiday on his mortgage without his consent.

What happened

Mr J had a joint mortgage with another party. He contacted Halifax in November 2020 with concerns that the other party could no longer afford the mortgage. And he also said that he thought that the other party might apply for a payment holiday and that he didn't want this to happen.

Later in November 2020 the other party applied for a payment holiday online. And the payment holiday was put into place for December 2020 – February 2021 inclusive. This meant that the monthly payments were reduced from around £550 per month to around £150 per month during that period.

The online form asked the applicant to confirm that all parties had agreed to the payment holiday.

Mr J complained to Halifax in January 2021. And Halifax responded. In summary, it confirmed that the other party to the mortgage had completed an online application for the payment holiday. And it explained that it would expect the other party to complete the form honestly. But it agreed that it could have done more on this occasion. So it sent Mr J a cheque for £200 as compensation for the upset caused by it allowing the amendment to the mortgage without his consent.

Mr J wasn't happy with Halifax's response, so he brought his complaint to this service. He said in particular that the payment holiday had affected his ability to secure another mortgage in his sole name.

Our investigator said, in summary:

- although he appreciated that the application process was partly automated he felt that some sort of review should have been carried out prior to the payment holiday being agreed. This would have shown that there was a flag on the account to indicate a dispute;
- while the payment holiday had not negatively impacted Mr J's credit file it had limited his ability to take out a new mortgage. For this reason, he felt that Halifax should increase the compensation to Mr J to a total of £300.

Halifax has accepted our investigator's view and has agreed to increase the compensation offered to £300. But Mr J doesn't not agree with our investigator's view and has asked for his complaint to be considered by an ombudsman.

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.

Halifax has explained that it set up its online payment holiday application process as a response to the pandemic, when it found it needed to find a way to process a large number of requests within a short period of time. It says that the form requires the customer to confirm that all parties consented to the application. And it says that it trusts customers to be honest and act with integrity when completing the application.

I understand why Halifax put this process in place. But in this case, Mr J had contacted Halifax shortly beforehand and had made it clear that he did not agree to a payment holiday. So, in the circumstances of this case, I agree with our investigator that Halifax should have carried out some sort of review before putting the payment holiday into effect. This review would have shown that there was a flag on the account indicating that there was a dispute and that Mr J didn't want a payment holiday.

Halifax has accepted our investigator's view that it should increase the compensation to Mr J to a total of £300. But Mr J doesn't feel that £300 compensation is sufficient. He says in particular that as a result of the payment holiday he was unable to apply for a mortgage in his own name.

I've considered what Mr J has to say on this issue. He has supplied evidence to show that he approached a broker about applying for a mortgage but was told that his application was likely to be declined due to the recent payment holiday. But he didn't proceed with an application at that time. And I can't be sure that any mortgage application Mr J might have made would have been successful other than for the payment holiday, as lenders take account of a large number of issues when deciding whether or not to lend.

Putting things right

Having carefully considered the circumstances of this complaint, I agree with the investigator that a total of £300 compensation is fair and reasonable to compensate Mr J for the trouble and upset he has suffered

My final decision

My decision is that I uphold this complaint. I order Bank of Scotland plc, trading as Halifax, to pay Mr J a total of £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 8 April 2022.

Alison Cribbs

Ombudsman