

The complaint

Mr and Mrs F have complained about the way Bank of Scotland plc trading as Halifax has dealt with their mortgage account. In particular, they say that, because there was a block on their Halifax current account, they weren't able to make payments towards their mortgage.

What happened

I will summarise the complaint in less detail than it's been presented. There are several reasons for this. First of all, the history of the matter is set out in detail in correspondence, and in the investigator's letter dated 15 July 2022. All parties have a copy of that letter, so there is no need for me to repeat the details here. I will instead concentrate on giving the reasons for my decision. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs F being identified. So for these reasons, I will keep my summary of what happened quite brief.

Mr and Mrs F have a mortgage with Halifax. The mortgage has been in arrears for some time. There is currently a court order in place from September 2021 in which possession proceedings were adjourned on condition that Mr and Mrs F pay the monthly instalment as it falls due, plus £100 per month off arrears of just over £16,700.

In November 2021 Mr and Mrs F contacted Halifax to explain that they wouldn't be able to make their mortgage payment as there was a block on their current accounts with Halifax and another bank in the same group. After looking into this, Halifax said that the block on the Halifax current account had been removed on 15 December 2021. However, they were still unable to access the account. Mr and Mrs F weren't happy with what Halifax said and referred their complaint to the Financial Ombudsman Service.

An investigator looked at what had happened but noted that the block hadn't been removed from Mr and Mrs F's current account in December 2021, although their current account with the other bank in the same group had been lifted. The investigator asked Halifax to pay compensation of £200 for this.

The investigator didn't think Halifax needed to do anything further. That's because it would still have been possible for direct debits to be paid from the account, if one had been set up for the mortgage (Mr and Mrs F had cancelled their direct debit in March 2020). The investigator also noted that Mr and Mrs F had access to about £37,000 in their other current account and so could have paid their mortgage from that account if they'd chosen to do so.

Halifax agreed to pay the recommended compensation of £200. Mr and Mrs F didn't agree with the investigator's findings. In summary, they want Halifax to pay at least £500. They've also said that they pay their mortgage from their Halifax current account, not their other current account, so their access to funds in the other account is irrelevant.

Because the matter is unresolved, it falls to me to issue a final decision on it.

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.

In this decision I'm not considering whether or not Halifax was entitled to put a block on the current account; that's an operational matter for the bank in which I will not interfere. This complaint is purely about Mr and Mrs F's difficulties in making their mortgage repayments as a result of not having access to their current account, even after Halifax had said the block had been removed.

Mr and Mrs F don't have a direct debit in place for their mortgage, and they weren't able to make manual transfers from their current account to the mortgage account. Halifax has acknowledged it made a mistake when it didn't remove the block. The bank has agreed to pay compensation of £200 for this. I think this is fair, reasonable and proportionate in all the circumstances.

I've noted what Mr and Mrs F have said about their other current account and that the funds in that account were not theirs and so they could not have used them for the mortgage repayments. Mr and Mrs F say they were prevented from paying their mortgage due to the block on their Halifax current account, out of which their mortgage repayments were made.

I can see that, after the court order in September 2021, Mr and Mrs F were paying £2,000 a month towards their mortgage, which included the monthly repayment and an amount off the arrears.

However, given that Mr and Mrs F say they only used their Halifax current account to pay the mortgage, once the account was blocked, I'd have expected them to have built up a reserve in that current account, made up of the mortgage repayments they hadn't been able to make as a result of the block. And once the block had been removed, they should have been able to make all the repayments they'd been prevented from making in one lump sum, bringing their account up-to-date in line with the court order. However Mr and Mrs F haven't provided me with any evidence to show they had their mortgage repayments in reserve building up in the Halifax current account, ready to pay the mortgage once the block was removed.

In the circumstances, although Halifax did make a mistake, I'm not persuaded that it has prevented Mr and Mrs F from bringing their mortgage up-to-date. It was up to them to make sure they put aside the £2,000 they needed to pay each month so they could put the account back on track once the block was removed. If they didn't do that, I can't hold Halifax responsible.

Putting things right

Halifax shouldn't have said the block had been removed from the Halifax current account when it had not, but I'm not persuaded that this has resulted in Mr and Mrs F being unable to pay the mortgage or to bring it up to date. Given this, I think compensation of £200 is fair, reasonable and proportionate to the mistake made by Halifax. I don't think the bank needs to do anything further, for the reasons given above.

My final decision

My final decision is that, in full and final settlement of this complaint, Bank of Scotland plc trading as Halifax must pay Mr and Mrs F compensation of £200 for distress and inconvenience. I make no other order or award.

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 correspondence about the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Mrs F to accept or reject my decision before 28 September 2022.

Jan O'Leary
Ombudsman