DRN-3689106

The complaint

Miss E's complaint about Bank of Scotland plc trading as Halifax (Halifax) relates to incorrect information given to her regarding a mortgage holiday, and the subsequent recording on her credit file of a missed mortgage payment.

What happened

On 15 July 2021 Miss E rang Halifax to discuss her mortgage and personal circumstances. She explained that she had not received her salary for that month, due that day, and she was concerned about her mortgage payment due the following day. She was unsure about her employment status or whether in fact her employer had just made a mistake in not paying her, but either way she was worried. Miss E enquired about a payment holiday although she also explained that she had enough in savings to be able to manage for the next couple of months.

Halifax's advisor spoke at some length with Miss E. She was advised to stop her direct debit so that the payment would not be taken. There was a discussion regarding the payment holiday request and although the advisor did not say that one was granted, Miss E was left with the impression it would be. The advisor also offered to refer Miss E to the customer priority team and offered her the contact number. Miss E was told that an arrears letter would be sent to her and told about the impact on her credit file.

Miss E's account was placed on hold until 19 July, and on 6 August Miss E contacted Halifax once more to discuss another payment holiday. It was then she learned that her account was actually in arrears by one month leading to her having to clear those arrears that day so that a payment holiday could be granted.

Initially Halifax didn't accept that it had done anything wrong but after our investigator issued his view Halifax agreed that it would pay £200 compensation and amend her credit file.

Miss E however feels that because her credit file was adversely affected by the missed payment report, this prevented her from obtaining a better mortgage interest rate with another provider. But because our investigator hadn't seen any evidence that it was this that had prevented Miss E from securing a better rate he wasn't persuaded Halifax had caused Miss E any loss.

Miss E didn't agree and asked for the complaint to be passed to an Ombudsman for a final decision.

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.

My summary of what happened is brief and I know the parties went into a lot more detail. I'm going to focus on what I think are the key issues. Our rules allow me to do this and it reflects the nature of our service as an informal alternative to the courts. So, if there's something I've not mentioned, it isn't because I've ignored it, it's because I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

As our investigator identified, one of the main issues to this complaint was the fact that Miss E had sufficient savings to pay her mortgage in July in the event her salary didn't come through. And she only cancelled her direct debit on the direct instruction of Halifax. From the general tenor of the conversation she had with the advisor, on 15 July, it is clear that she was seeking help and advice about what to do. It can be reasonably inferred from that conversation that she was not saying she was unable to pay her mortgage. Given she was not in arrears and her payment history, it is reasonable to assume that she would not want to allow her account to go into arrears. And I agree with our investigator that the advisor could have been clearer on the call.

It is right therefore, that Halifax accept that if Miss E had been given clear advice she would have most likely made the July mortgage payment to avoid going into arrears. It follows from that acceptance that Halifax correctly amended her credit file. What remains in issue in this complaint is the appropriate level of compensation and the issue of Miss E getting a mortgage with a better rate.

On that latter point, Miss E has provided details of the mortgage interest rates she was looking at with another provider, but this is only generic information as to what the rates were at a particular point in time. It does not address whether or not this provider declined any application because of the adverse entry to her credit file.

Halifax have pointed out that Miss E's mortgage was also subject to an early repayment charge (ERC) should she have redeemed her mortgage prior to the 31 July 2022. So, whilst Miss E could certainly have switched her mortgage in the second half of 2021 if she had wished, had she done so she would have incurred an ERC. That is something which I must also take into account, and although I have no information about the level of the ERC, experience tells me that it would most likely be more than a nominal sum.

But, more importantly I can't be satisfied that the reason Miss E was unable to switch her mortgage on to a better interest rate was solely because of the adverse data recorded by Halifax. First, I have seen no evidence that Miss E made an application for a new mortgage and so without evidence that she did, and it was subsequently declined, there is no evidence to show she has lost out. Evidence from Miss E's mortgage advisor shows that an agreement in principle could not be provided, but that a full mortgage application was never made.

Secondly, there can be many reasons for a lender declining to lend beyond any adverse data on a credit file, and I would need to be satisfied that any application made was declined because of the missed July payment before I could consider whether Halifax ought to be responsible for any losses. So, whilst I can see that Miss E might consider that any application would be declined purely because of the missed July payment on her credit file, there can be many other reasons. This was acknowledged by her mortgage advisor who said that,

> *You mentioned that you had come to an agreement with the Halifax when you lost your job and that they had placed a default against your credit rating.*
>
> *Although I cannot confirm that this is the only reason we were not able to proceed with the mortgage it would have had shown on the credit rating as a negative impact.*

Halifax has accepted that it didn't get things right and because of that it agreed to compensate Miss E with £200. As Miss E didn't think that was enough to put matters right, I've given this some further thought to assess whether that offer was fair and reasonable. When this service considers what an appropriate level of compensation might be, we consider a variety of factors, including the trouble, upset, distress and inconvenience that may have been caused. We categorise awards and examples of these can be found on our website.

What is important to remember is that there is no set figure, since the facts of each case are different, and ultimately it is an exercise of judgement, looking at all the circumstances of the case and coming to a figure which feels fair, when set against the effect upon the complainant of any particular service failures.

Putting things right

I've taken account of the fact that Halifax have amended Miss E's credit file and so she is now back in the position she would have been, and I'm not satisfied that Halifax's error has led to Miss E being unable to get a better rate of interest on a new mortgage. So, having weighed up all the evidence, I think the offer made by Halifax of £200 is a fair and reasonable recompense for the effect of the service failures upon Miss E.

My final decision

Bank of Scotland plc trading as Halifax has already made an offer to pay Miss E £200 to settle this complaint, and I think that is fair and reasonable. So, my final decision is that it should pay Miss E £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 19 October 2022.

Jonathan Willis
Ombudsman