

## **The complaint**

This complaint is brought by Ms A and is about her mortgage account with Bank of Scotland plc trading as Halifax. The complaint is about the following issues:

1. incorrect information about taking a pandemic payment deferral in November 2020;
2. a branch manager told Ms A not to pay off the mortgage;
3. difficulties calling Halifax to discuss her financial difficulties, as a result of which she wasn't able to receive the help she needed or switch to a lower interest rate;
4. the need to make two payments in succession after Ms A cancelled her direct debit, and the poor customer service she'd received when trying to resolve this in a branch.

I have today issued a jurisdiction decision in which I have explained why I won't be looking at another issue Ms A raised around the cancellation of a mortgage payment protection insurance policy in 2006. I will therefore make no further comment about that matter.

## **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 13 January 2023. 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 Ms A being identified. So for these reasons, I will keep my summary of what happened quite brief.

Ms A has a mortgage with Halifax taken out in 2003. The complaint arose after Ms A unfortunately lost her job in early 2020 due to the pandemic. When Ms A spoke to Halifax in November 2020, she explained that she didn't need a Covid payment deferral at the time.

However, by April 2022 Ms A's financial circumstances had worsened. At this point Halifax identified Ms A as a customer with vulnerabilities. There were various discussions between Ms A and Halifax about what assistance could be provided. (As I said above, I will not go into details about these, as they are set out in correspondence.) Ms A was very unhappy at what she saw as a lack of support and help from Halifax and raised a number of complaints, which are listed above.

Halifax paid Ms A £18 for call charges, and £100 for a lack of clarity around the need to make two payments in a month if the direct debit collection date was moved.

Unhappy with Halifax's response, Ms A brought her complaint to our service. An investigator looked at what had happened. He reached the following conclusions:

Point 1: Ms A was clear in November 2020 that she didn't need to apply for a payment deferral. Halifax had asked if Ms A needed one but she said not. He didn't think Halifax had done anything wrong.

Point 2: There was no evidence in Halifax's records to support Ms A's contention that she was told by a branch manager not to pay off her mortgage. The investigator thought that if this had been a priority for Ms A, she could have followed it up.

Point 3: The investigator thought this part of the complaint should be upheld. He found that when Ms A called Halifax on 25 April 2022 it ought to have been obvious to Halifax that she was in financial difficulties and was suffering distress and upset. However, Ms A wasn't routed to the correct team immediately, and ended the call after 50 minutes. The investigator asked Halifax to pay £300 for its poor customer service, which Halifax agreed to do.

The investigator didn't think Halifax had acted incorrectly in not putting Ms A's mortgage onto a lower rate, as this requires an application for a new interest rate product.

Point 4: The investigator didn't think the complaint about changing the date of the direct debit should be upheld. Halifax had paid Ms A £100 for poor customer service when she visited a branch to try to sort this issue out. The investigator thought this was fair and reasonable.

Halifax agreed with the investigator's outcome and to pay the additional £300 compensation recommended by the investigator. Ms A didn't accept the investigator's findings and asked for an ombudsman to review the complaint.

### **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.

The evidence in the case is detailed, running to several hundred pages of documents and various telephone call recordings. I've read everything and listened to the call recordings, and it's apparent that some parts of the evidence are less relevant to the underlying case than others.

No discourtesy's intended by that. It's a reflection of the informal service we provide, and if I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint. This approach is consistent with what our enabling legislation requires of me. It allows me to focus on the issues on which I consider a fair outcome will turn, and not be side-tracked by matters which, although presented as material, are, in my opinion peripheral or, in some instances, have little or no impact on the broader outcome.

The starting point is that lenders have a duty to treat all customers, but particularly those in financial difficulty, fairly. Balanced against that, one of the fundamental principles underpinning the mortgage contract is that a lender has the right to receive, when due, payment of the money owed to it. The Mortgages and Home Finance: Conduct of Business Sourcebook (MCOB) has specific provisions for lenders detailing how they should deal with customers who are in arrears with their mortgage. But where customers aren't yet in arrears but are about to face financial difficulty, there are no specific provisions in the rules for this. But Halifax is required to treat customers facing financial hardship fairly and look for ways to help them, as far as possible.

Keeping to the same numbering above, my findings are as follows.

Point 1: I'm satisfied that Ms A was advised about the availability of pandemic payment deferrals in November 2020, but said at the time that she didn't need one. I'm not upholding this part of the complaint.

Point 2: Ms A is adamant that a branch manager told her not to use her savings to pay off the mortgage. I don't doubt Ms A's recollection that she had a conversation about this, although Ms A hasn't been able to provide specifics of this. However, branch managers aren't able to give customers financial advice – that's the job of specialist staff who are qualified to give regulated financial advice on mortgages and/or investments and savings.

Given this, I think it is more likely than not that Ms A was probably told by the branch manager that he couldn't give her any advice about this – and that Ms A may have misinterpreted this as the branch manager telling her she wasn't allowed to pay off her mortgage. As the investigator said, if this was a priority for Ms A, I think she could have followed it up. I'm not upholding this part of the complaint.

Point 3: I agree with the investigator that Halifax could – and should – have done more to help Ms A when she spoke to the bank on 25 April 2022. To preserve Ms A's anonymity, I won't go into details of what she discussed, but I think Halifax ought to have transferred the call immediately to the correct team to deal with vulnerable customers in financial difficulties. I can see that Ms A was left frustrated and upset that after almost an hour on the phone she hadn't been able to speak to someone who could help her.

I'm satisfied that Halifax's customer service fell short here. I think the investigator's recommendation of £300 compensation is fair, reasonable and proportionate in all the circumstances, in addition to the £18 paid by Halifax for the cost of Ms A's telephone calls.

But I'm also satisfied that, even if she'd been able to speak to someone in the relevant team on 25 April 2022, it wouldn't have been possible to switch Ms A's mortgage to a lower rate of interest during that call. This would need an application by Ms A, after she'd selected (or been advised about) an interest rate product that suited her circumstances.

However, where a customer is facing financial difficulty – as Ms A was – switching to a new rate is sometimes not the best option. This is because interest rate products generally come with an early repayment charge (ERC) if the mortgage is repaid early. So tying a customer in financial hardship into a product with an ERC can cost the customer more if they aren't able to keep up with the mortgage and have to sell the property during the period when the ERC applies. So it's not something that can be done with a phone call, as it is a balancing exercise where Ms A would need to consider the implications of a rate switch. I'm therefore not upholding this part of the complaint.

Point 4: Ms A made an online request on 11 September 2022 to change her mortgage payment from the 15<sup>th</sup> of the month to the 1<sup>st</sup> of the month. She cancelled the direct debit on 16 September 2022. However, the change to the payment date couldn't go through because the direct debit had been cancelled. In its final response letter dated 24 October 2022 Halifax explained the implications of this, requiring two payments to be made in quick succession. I appreciate Ms A didn't realise the consequences of cancelling the direct debit, but I'm not persuaded Halifax has done anything wrong here, so I'm not upholding this part of the complaint.

But this resulted in the account falling into arrears, and I can see Ms A was very upset about this. Ms A visited a branch to try to resolve the matter, and booked an appointment specifically for this. Halifax has accepted that Ms A should instead have been asked to contact a specialist team on the phone, and this was done when she was in the branch. Halifax offered compensation of £100 for this, which I am satisfied is fair and reasonable.

## **Putting things right**

In addition to the £100 compensation already paid and the £18 for the cost of Ms A's telephone calls, I direct Bank of Scotland Plc trading as Halifax to pay compensation of £300 for distress and inconvenience. I make no other order or award.

I know this isn't the outcome Ms A was hoping for. I can see from what Ms A has told us that she has been through a very difficult time and I don't in any way underestimate the impact of this on her. I can see from her submissions the intensity with which Ms A has brought this complaint. She sees error or wrongdoing in almost everything Halifax has done (or not done). That's a natural, subjective reaction, and entirely understandable when you're as close to a situation as Ms A has been here.

But I have a different remit; I have to be objective, and impartial, and look at the case based on the evidence, rather than be swayed by emotion. After carefully reviewing all the evidence, and after taking into consideration all the circumstances, I'm satisfied that the additional compensation of £300 recommended by the investigator is fair and reasonable.

## **My final decision**

My final decision is that I partly uphold this complaint. In full and final settlement I direct Bank of Scotland plc trading as Halifax to pay Ms A compensation of £300, in addition to the £118 already paid.

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 Ms A to accept or reject my decision before 12 April 2023.

Jan O'Leary  
**Ombudsman**