

## The complaint

Ms M and Mr O complain that Bank of Scotland Plc trading as Halifax led him to believe that they had arranged a new five year fixed rate interest product on their mortgage, when it had not done so.

## What happened

Ms M and Mr O had a mortgage with Halifax. It had a fixed interest rate product that was due to expire on 30 September 2022. If the product was switched before that date an early repayment charge (ERC) would apply.

In June 2022, Ms M and Mr O spoke to a broker about arranging a new five year fixed interest rate product. They chose a fixed rate of 2.82%.

Later that month Halifax wrote to Ms M and Mr O with a product transfer offer and a letter confirming that the mortgage would switch to the new product on 1 July 2022. Ms M and Mr O spoke to Halifax and it confirmed that the new product was in place and would begin on 1 July 2022.

In September 2022, Halifax wrote to Ms M and Mr O to say that their mortgage was going to revert to its standard variable rate (SVR) of 5.24%. Halifax accepted it had made a mistake by offering Ms M and Mr O a new product in June 2022. It offered Ms M and Mr O an five year fixed interest rate product of 3.25% It said this was the best five year fixed rate available from it at the earliest date Ms M and Mr O could have arranged a new product without incurring an ERC.

Ms M and Mr O complain that Halifax led them to believe that they had set up a new product on their mortgage when it had not, in fact, done so. They said that because of that, they didn't ask their broker to carry out a full review of the market to see what rates were available and may have missed out on competitive deals from other lenders. At a minimum they want Halifax to honour the 2.82% interest rate and to increase its offer of compensation from £60.

I issued a provisional decision. Subject to any further submissions, I found:

- It was the broker who recommended and then cancelled the 2.82% interest rate product. Halifax was not wholly responsible for what happened . It was acting on the broker's instructions.
- Halifax had made a mistake in leading Ms M and Mr O to believe that a new product was in place from July 2022.
- If Halifax had told Ms M and Mr O the correct information, it was likely they would have gone back to the broker. But I didn't consider the evidence and circumstances supported that they would have chosen a different rate from the one that Halifax eventually offered them, which was the best interest rate available from Halifax when the ERC had expired.

- I proposed that Halifax should pay Ms M and Mr O £350 to reflect any distress and inconvenience caused by it.

Ms M and Mr O said they had nothing further to add. Halifax said that Ms M and Mr O had been told to ignore any letter regarding the new product and it told them they should refer back to the broker. It considered its offer of £60 for any distress and inconvenience was fair as they knew the application had been cancelled and were advised to go back to their broker. But they disregarded both the broker and Halifax. So any distress arose from their actions.

### **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 provided a recording of the conversation it had with Mr O by phone on 18 June 2022. In that phone call:

- Mr O said he wanted to check the new fixed rate had gone through.
- Halifax confirmed a number of times that the new rate was in place from 1 July 2022.
- Mr O said he'd spoken to his broker and they'd told him to ignore the letter from Halifax so he was confused.
- Halifax confirmed the application had completed but Mr O should check with the broker.
- Mr O said "as far as Halifax is concerned that deal is done it's not an error or anything?" Halifax said "yes". Mr O said "there's nothing else you need from me, it's all been approved". Halifax said "correct".

Halifax had a duty to communicate in a way that was clear, fair and not misleading. I can see how Mr O left the call with the impression that the interest rate product was in place, had been agreed and there was "nothing else" he needed to do. While Halifax did tell Mr M to check with the broker I can see how Mr O left the conversation reassured that the interest rate was in place.

I agree that it is likely that the broker might be responsible for a great deal of what happened here. But Halifax added to that by unfairly raising Ms M and Mr O's expectations. After listening to what they've said about the impact on them I consider £350 is a fair amount to reflect the distress and inconvenience caused directly by Halifax.

### **My final decision**

My final decision is that Bank of Scotland plc trading as Halifax should pay Ms M and Mr O £350.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M and Mr O to accept or reject my decision before 16 May 2023.

Ken Rose  
**Ombudsman**