

## **The complaint**

Mr and Mrs A's complaint is about their mortgage account with Bank of Scotland PLC trading as Halifax.

Mr and Mrs A say that they were given incorrect information about the amount they'd be required to pay once their two-month mortgage payment holiday came to an end. As a result, they were given a false expectation.

To settle the complaint, Mr and Mrs A want Halifax to change the mortgage repayments back to what they were before the payment holiday and increase the mortgage term by two months.

Mrs A has dealt with the complaint throughout, both with Halifax and with our service.

## **What happened**

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs A being identified.

So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Briefly, Mr and Mrs A have a capital repayment mortgage with Halifax, which is arranged over five sub-accounts, some of which have different lengths of term and interest rates.

In early June 2023 Mrs A telephoned Halifax and asked for a two-month payment holiday. She was told that at the end of the payment holiday the mortgage repayments (at that time, about £1,236) would increase because the missed payments would need to be 'made up' in order to repay the mortgage balance by the end of the term.

The Halifax agent said he'd give Mrs A an idea of how much their payments would increase. Surprisingly, the figure he calculated came out at lower than the current repayment, at about £1,144. The agent said that this didn't seem right.

Mrs A said that perhaps she and Mr A had been overpaying and whilst the agent accepted that this was possible, he couldn't see where that had happened. He checked the figures, but the call ended with the agent explaining that he couldn't guarantee that this would be the actual repayment, which would be confirmed in writing.

A letter confirming the payment holiday was sent on 4 June 2023, confirming that the next payment due would be in August 2023. Halifax's process is that, once the first month of a payment holiday has been completed, a letter is issued to confirm when the payment holiday

will end, and includes the new repayment figure. A letter was sent on 4 July 2023, which stated that the monthly payment from 16 August 2023 would be £1,303.

Mrs A immediately complained. She said they would never have taken the payment holiday if she'd known the true figure. Halifax asked Mrs A if she wanted to cancel the payment holiday for July 2023, which would result in a decrease from the £1,303 figure, but Mrs A declined.

Halifax acknowledged it had given Mrs A incorrect information and offered compensation of £80. Mr and Mrs A didn't accept this and escalated their complaint to our service. An investigator looked at what had happened. He noted Halifax had accepted its error, but thought the £80 offered was fair, particularly given that Mr and Mrs H had been offered the option by Halifax to end the payment holiday early, but still went ahead with the second month.

Mr and Mrs A didn't accept the investigator's findings and asked for an ombudsman to review the complaint. Mrs A says that Halifax should honour what it said and that she was told the repayments would be £1,144 and that is what they should be.

### **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.

Having reviewed everything that's happened, I'm afraid I have disappointing news for Mr and Mrs A; I'm not going to order Halifax to reduce the mortgage payments to £1,144. These are my reasons.

Where a mistake has been made by a business, we try, where possible, to put the consumer back in the position they'd have been in if the mistake hadn't been made.

First of all, it's not in dispute that Mrs A was given an incorrect figure during the call with the bank on 5 June 2023 when it told Mrs A that, after the payment holiday, the monthly repayments would be *lower* than they were before, which is the opposite of what both Mrs A and Halifax were expecting. As stated above, they had five sub-accounts with different interest rates and terms, and I think this is probably why the calculation was more complex than if there'd been only one main account, and why an error was made.

However, I'm satisfied that Mrs A was told during that call that the figure couldn't be guaranteed, and given that the payment quoted was lower than the existing payment, I'm not persuaded it was reasonable for Mr and Mrs A to believe their payments would *decrease* after the payment holiday. They'd already been told that the consequence of taking a payment holiday would be an *increase* in the monthly repayment.

I must clarify that the error was not that the repayments should actually have been £1,144; the error was that Halifax had incorrectly told Mrs A that is what they would be, albeit with a caveat that this didn't seem right, taking into account the circumstances I've outlined above.

If Halifax hadn't made the error, Mrs A would have been told on 5 June 2023 that the monthly repayment would increase to £1,303. Mrs A says that, if she'd been told that, she wouldn't have gone ahead with the payment holiday.

However, once Mr and Mrs A were made aware of the correct monthly repayment, they were given the option of cancelling the second month's payment holiday if they'd wanted to, but

declined. In the circumstances, I'm satisfied that Halifax gave Mr and Mrs A the opportunity to mitigate their position. Mrs A has told us that the funds for July 2023 had already been earmarked for alternative spending, and so I do understand why she declined to cancel the payment holiday for July 2023.

On the complaint form Mr and Mrs A said they wanted the mortgage repayment to revert to what it was before the payment holiday and to extend the mortgage term by two months. I'm satisfied that Halifax is not obliged to reduce the monthly payment to what it was before the payment holiday and extend the mortgage term by two months. A term extension would result in Mr and Mrs A paying more interest over the remaining term of the mortgage, which would be to their financial detriment.

However, in response to the investigator's findings, Mr and Mrs A's position has changed; Mrs A now says that she was told the repayment would be £1,144, and that is what it should be. Mrs A believes Halifax should "*honour*" this. That would be the incorrect amount for the monthly repayment, and so I can't order Halifax to reduce the mortgage payment to £1,144.

There is, of course, nothing to stop Mr and Mrs A reducing their repayments to £1,144 themselves, if that is what they want to do. However, that would cause the mortgage to be underfunded and, over time, would result in arrears on the account, with all the implications that flow from that.

Because Halifax made a mistake, it is only right it should compensate Mr and Mrs A for this. But that doesn't mean reducing their payments to an amount which would be incorrect, and which would result in them paying less than they need to under the contract.

Overall, I'm satisfied the £80 offered by Halifax as compensation for its error is fair and reasonable in all the circumstances. The error was corrected within a month, and Mr and Mrs A were given the opportunity to mitigate their position, which they decided not to do. I'm therefore not persuaded that Halifax is required to do anything further.

The actual monthly payment of £1,303 is approximately £60 higher than the previous monthly payment. If Mr and Mrs A are experiencing financial difficulty, they might find it helpful to speak to one of the free debt advisory services, such as StepChange, Citizens Advice or Shelter. We can provide them with contact details for those agencies, if they'd like us to.

### **My final decision**

My final decision is that I don't uphold this complaint.

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 discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs A to accept or reject my decision before 27 February 2024.

Jan O'Leary  
**Ombudsman**