DRN-4616148

The complaint

Mr and Mrs A say they were misled by Bank of Scotland plc (trading as Halifax) about when their fixed interest rate would end. Mrs A says because of this they delayed taking steps to re-finance their interest only mortgage. Mrs A asks that Halifax extends the lower interest rate while they look into their options and is more understanding of their position.

What happened

Mr and Mrs A's interest only mortgage was due to expire in January 2024. They contacted Halifax in late 2022 to discuss their options. They were told their fixed rate would end in January 2024. This was incorrect. The fixed rate was due to expire in April 2023.

Mr and Mrs A said if they'd been given correct information in December 2022 they'd have looked into re-financing their mortgage before it went onto the variable rate.

Our investigator said Halifax had provided information about when the fixed rate would end, including the mortgage offer and statements. She said Mr and Mrs A were still exploring their options at the end of 2023, so matters wouldn't have been different if they'd been given correct information in late 2022. Halifax agreed a payment arrangement, which the investigator said was fair

Mrs A didn't agree and asked that an ombudsman re-consider 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.

Mrs A contacted Halifax in late 2022. Halifax considered whether it could offer a term extension, which it said wasn't affordable. It told Mrs A (incorrectly) their fixed interest rate product would expire in late 2023, at about the same time as their mortgage term was due to expire.

Mrs A says Halifax referred them to an equity release provider in late 2022. She says the equity release provider said given the low interest rate they were on they should come back in July 2023, six months before the term was due to expire.

Mr and Mrs A received a letter in April 2023 saying their fixed rate was coming to an end. Mrs A contacted Halifax, saying they wouldn't be able to meet the higher monthly payments. Halifax agreed a payment arrangement.

Mrs A says if they'd been given correct information in late 2022 (that they'd be on the variable rate from 1 May 2023) they'd have looked to re-mortgage while their credit record was clear, take out equity release at a lower rate of interest or consider selling their home.

Halifax accepts it made an error when it told Mrs A that the fixed interest rate would be in place until late 2023. I don't think this error makes it fair and reasonable to require Halifax to apply a lower interest rate to Mr and Mrs A's account. This is for the following reasons.

The change in the interest rate (from the fixed rate to the variable rate) on 1 May 2023 was correct and in accordance with the product terms Mr and Mrs A had agreed to.

Halifax sent information to Mr and Mrs A about the interest rate product and when it would end. This included the product offer. The annual statement sent in August 2022 said the ERC applied until the end of April 2023.

Halifax says it sent a letter to Mr and Mrs A about the end of the fixed rate product on 1 April 2023. It says it reports to the credit reference agencies when a mortgage is in arrears of more than one month's payment. In Mr and Mrs A case this was in July 2023. So they had three to four months to look into their options before their credit file was affected.

Mrs A says she spoke to a broker in April 2023 but he was unable to help them. This was before their fixed interest rate ended and before their credit file was affected. There's nothing to suggest the broker would have had better options for them if Mrs A had contacted them in late 2022 or earlier in 2023.

In April 2023 Mr and Mrs A were told the fixed rate product would expire at the end of that month. But they didn't proceed with equity release at that time. That suggests they might not have proceeded with equity release in December 2022 even if given the correct information about when their fixed rate product would end. From what Mrs A has said, she had some concerns about equity release. They didn't want their son (who lives with them and needs support) to lose his rights to the property. This would have been the same in late 2022 and early 2023.

Mr and Mrs A had told Halifax they intended to repay the mortgage by selling one of their buy-to-let properties. In late 2022 Mrs A told Halifax there was less equity in the buy to let property than expected and they'd have to pay capital gains tax. Mrs A also said the tenancy agreement was in place until mid-2024, and the investment properties were intended to provide for their son. Again, these issues wouldn't have been different if Halifax had given Mrs A correct information in late 2022 about when the fixed rate product would end.

Mr and Mrs A told Halifax about their circumstances. While there are options available to Mr and Mrs A, these do have disadvantages for them. Mr and Mrs A need to consider how they'll repay their mortgage balance, and weigh up the advantages and disadvantages of the available options. The incorrect information from Halifax about when their fixed rate product would end was unhelpful. But for the reasons I've set out, I don't think Halifax's error is the reason Mr and Mrs A haven't yet taken steps to repay or re-finance the mortgage. It follows that I don't think it's fair and reasonable to require Halifax to apply a lower interest rate while Mr and Mrs A look into their options to repay the mortgage.

While Halifax didn't agree to Mr and Mrs A's request for a lower interest rate, that's not the same as finding it hasn't treated them fairly. When Mrs A said they'd struggle with monthly interest payments Halifax offered a payment arrangement. I think this was fair and gave Mr and Mrs A time to consider their options.

Mr and Mrs A's mortgage term has now expired. They are unhappy about the information reported by Halifax to the credit reference agencies regarding the payment arrangement. They say due to this they're unable to re-mortgage, and equity release rates have increased. I'm sorry about Mr and Mrs A's difficult circumstances, but I can only look into the complaint they raised with Halifax and brought to us. If Mr and Mrs A are concerned that the information Halifax recorded on their credit files is incorrect or unfair they should raise this with Halifax.

My final decision

My decision is that Bank of Scotland plc (trading as Halifax) doesn't need to take further steps in relation to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 15 March 2024.

Ruth Stevenson
Ombudsman