

The complaint

Miss M complains about how Bank of Scotland plc, trading as Halifax, treated her in connection with her requests for additional borrowing and for a new fixed interest rate on her mortgage. She says Halifax failed to communicate clearly or adequately and failed in its duty of care to her.

What happened

Miss M took out her mortgage with Halifax in 2021. She borrowed £178,000 at a fixed interest rate of 2.14% until 31 December 2023, after which Halifax's lender variable rate would apply. An early repayment charge was payable if the mortgage were repaid during the fixed rate period.

In June 2023 Miss M contacted Halifax and asked about taking a new fixed interest rate, as well as some additional borrowing. She had a discussion with a Halifax adviser on 5 June 2023. A mortgage illustration was issued on the same day for additional borrowing of £24,500 at a fixed interest rate of 4.62% until 31 October 2028.

No illustration or offer was issued for a new interest rate on Miss M's existing mortgage. Halifax says that it couldn't arrange a new interest rate on that part of the mortgage in June 2023 because more than six months remained on the existing fixed rate, and that Miss M said she would wait until October 2023 to discuss a new rate, by which time she hoped interest rates might have gone down. Miss M agrees that Halifax told her she couldn't apply for a new rate on her existing mortgage at that stage because it was too early to do so. She says however that Halifax said it would contact her in a few months' time to discuss a new rate on the existing mortgage.

Miss M went ahead with her application for additional borrowing, but she says Halifax didn't do enough to chase up outstanding information. In particular, she says it didn't send appropriate reminders about the signed declaration it needed, and when it referred to having made multiple phone calls to remind her she found that she had only one missed call from it.

A mortgage offer for the additional borrowing was then issued and the mortgage completed in October 2023, on the same fixed interest rate that Miss M had applied for in June. Miss M says she understood that everything had now been sorted out – including a new fixed interest rate on her existing mortgage. So when she received a reminder in December 2023 about the fixed rate of 2.14% coming to an end, she took no action.

In January 2024 the 2.14% fixed interest rate on Miss M's original mortgage had ended. The monthly payment due was more than double what Miss M had been paying, because her main mortgage balance had moved onto a variable interest rate, which was a lot higher than the original fixed rate. Halifax was unable to collect the monthly mortgage direct debit payment. Miss M made the payment by another means, and then took a new fixed interest rate on the original mortgage: 5.21% until 30 April 2029.

Miss M also made a complaint. In summary, she considered that her mortgage should have been changed to a new fixed interest rate earlier as she had discussed with Halifax in June

2023, and Halifax hadn't communicated with her clearly or appropriately. As a result, she had had to find the money to make a much higher mortgage payment than she expected at a difficult time and had been caused a huge amount of worry and stress.

Halifax considered it had done nothing wrong, so Miss M referred her complaint to the Financial Ombudsman Service.

Our Investigator didn't recommend that the complaint should be upheld. She didn't think that Halifax had agreed to change the interest rate on Miss M's main mortgage until Miss M applied for a new fixed rate in January 2024. She also said that Miss M hadn't lost out because no new rate was agreed in October 2023 as Miss M had said she expected, given that the fixed interest rate products Halifax had available then for a mortgage like Miss M's came with higher rates than the one Miss M got in January 2024.

Miss M didn't accept that and asked for an Ombudsman's review. She said, in summary, that Halifax's record-keeping and communication were inadequate and it had failed to follow up with her as it should have done.

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 done so, I've come to the same overall conclusion as our Investigator, for much the same reasons.

I think it's clear that no new interest rate product was agreed for Miss M's existing mortgage during her communications with Halifax in June 2023. Miss M has said that she understood no new fixed rate was agreed at that stage because it was too early for her to arrange it. That was the correct. I've seen a copy of Halifax's policy – it only allows new interest rate products to be booked six months before they are to be implemented. That's neither unreasonable nor unusual.

The additional borrowing Miss M had applied for in June 2023 was drawn down in October 2023. But I find nothing to indicate that a new interest rate was agreed on her main mortgage balance in October 2023 as Miss M says she expected. There's nothing in Halifax's records to suggest that, and Miss M didn't receive any documents about a new rate on that part of the mortgage. I've noted what Miss M has said about her inexperience in mortgage matters, but I don't think Halifax misled her about the interest rate on her main mortgage or failed to communicate with her clearly about it. In December 2023 Halifax sent Miss M a reminder that her existing fixed interest rate would be ending soon and telling her what the new variable interest rate and monthly payments would be.

Miss M says she expected Halifax to follow up on her request for a new fixed interest rate in October 2023 and it failed to do that. The recording of the June 2023 discussion she had with Halifax is unfortunately not available (Halifax says it is corrupted and can't be played), so I can't be sure about what was agreed. If Halifax had undertaken to contact Miss M about this later then it should have done so, but if Miss M was expecting a call and didn't receive one then I think it was for her to get in touch with Halifax.

In any event, Miss M hasn't lost out because Halifax didn't contact her. She went on to take a new fixed interest rate in January 2024 and, as our Investigator pointed out, that rate was lower than the fixed interest rates that would have been available to her in October 2023. So, even though Miss M's main mortgage balance was on a variable interest rate for a short time, she hasn't lost out overall as a result of that because the interest she paid at a higher

rate for January 2024 has been more than offset by the savings she has made, and will make between now and 2029, as a result of the lower fixed rate she now has, compared to what would have been available to her in October 2023. While Miss M did have to make a higher payment than usual to the mortgage in January 2024, I find that Halifax had told her in advance about that.

There was some delay in Miss M taking out the additional borrowing she applied for in June 2023, because Halifax was waiting for her signed declaration. When Miss M asked for an update Halifax said it had tried to contact her multiple times by phone and said what it was waiting for from her. This didn't reflect the number of calls Halifax had in fact made – just one – and so I can see why what Halifax said antagonised Miss M. It had, however, also emailed her and she hadn't replied to either the email or the phone call. She would also have known that the additional borrowing hadn't completed. In the circumstances I think Halifax did enough to chase up the outstanding information.

I recognise that Miss M was having a very busy and stressful time in 2023 and I've carefully considered everything she has said. Overall, however, I don't find that Halifax failed to communicate with her or support her appropriately with her mortgage arrangements – and in reaching that conclusion I've also taken into account what Miss M has said about the Consumer Duty. But for the reasons I've explained, I don't think it would be fair to require Halifax to compensate her. She hasn't lost out financially as a result of what she complains about, and in all the circumstances I don't consider it appropriate to make any order or award.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 31 October 2024.

Janet Millington
Ombudsman