

The complaint

Mr W says that he applied over the phone for a new interest rate product for his mortgage he holds with Bank of Scotland plc trading as Halifax, but Halifax says it has no record of that, and Mr W says the rate it later offered is unaffordable. Mr W says he wants the original rate that was offered to him.

What happened

Mr W took this mortgage out in 2006. He borrowed around £170,000 (plus fees) on an interest only basis over a 25-year term. The interest rate was Bank of England base rate plus 0.59% until 31 July 2009, after which it moved to Halifax's standard variable rate ("SVR").

Mr W contacted Halifax on 1 December 2022 as his interest rate had increased substantially. Mr W said Halifax should have phoned him when his interest rate was increasing as he can't read letters. The call handler transferred the call to another member of staff who logged a complaint about what had happened and offered to discuss what new preferential rate options were available. The call handler gave Mr W rough figures for what the monthly payments would be for a two-year, a five-year and a ten-year fixed rate, and offered to put Mr W through to someone to carry out a mortgage advice appointment so a recommendation could be made and a new rate put in place. Mr W said he didn't want to arrange a new rate at that time, as he wanted to speak to other people first.

Halifax issued its response to the complaint on 9 December 2022. It said:

- Mr W's mortgage account was on a variable rate so will increase if the base rate increases.
- Mr W can contact Halifax to discuss having a fixed rate, giving the number he would need to phone to do so.
- Letters had been sent each time the rate changed, which meant eight letters had been sent to Mr W about it in 2022 as his rate had increased from 3.74% to 6.49%.
- It would call a customer if a payment was missed, as it would be imperative for Halifax to understand quickly if anything was wrong. But when payments are just changing it writes to its customers instead.
- Mr W can call Halifax with any questions he might have, or he could speak to an independent financial adviser. It also had authority to discuss the mortgage account with Mr W's mother.

From January 2023 payments weren't made to the mortgage account, other than a £500 payment on 3 May 2023.

During 2023 Mr W was in contact with Halifax, with further complaint points added and final response letters sent. In summary those additional points were:

- Mr W said he was sure he had called again since the call of 1 December to agree to fix his interest rate, saying it had been at the start of 2023. Mr W said he'd been putting £700 a month into the funding account as he'd been told the new monthly payment

would be around £600. But as the monthly payments were higher than that on the variable rate Mr W remained on, his direct debits bounced.

- Mr W repeated that he can't read, and whilst he can get work colleagues to read a text to him if he receives it at work, he has no support at home so if letters are sent to him, he'd miss any important information contained within them.
- He wasn't happy with the way the complaint was dealt with, in that it was taken over by a different person and they were rude, abrupt and didn't fully understand the complaint.
- Mr W asked why rates weren't discussed with him on 3 May 2023 when he spoke to Halifax.

Halifax didn't uphold any of the complaint points, but it did pay £75 to Mr W for the service it provided in respect of it not correctly logging what Mr W had said about struggling to read and write and said it had amended his mailing preference to audio CD correspondence (for all correspondence that is an available option for). It said Mr W didn't want to proceed with a rate change in the call on 1 December, and it had been unable to trace any applications for a new rate.

Mr W referred his complaint to our service on 28 November 2023, and although some of the complaint hadn't been referred to us within the time limits set out in our rules – that is, within six months of the final response letter being issued – Halifax gave its consent for us to consider all of the issues raised.

Our Investigator didn't uphold the complaint. He said whilst Mr W was given indicative monthly payments in the call on 1 December, Mr W didn't want to proceed with an application at that time and so nothing further happened. He said Mr W had been on the SVR since 1 August 2009, with the rate only notably increasing from 2022, and Mr W hadn't called Halifax upon receipt of any of the earlier letters to ask what they were about. Our Investigator said that Halifax had made a mistake when it didn't correctly action what Mr W had said in December about his communication needs, but he felt the £75 Halifax had already paid was reasonable compensation for that.

Mr W said he didn't believe Halifax had sent all the information, saying there were multiple calls after 1 December which haven't been mentioned.

Our Investigator asked Halifax for evidence of all the calls that had been held with Mr W. Halifax searched its call recording system for Mr W's phone number and provided evidence to show the only calls were those noted.

That evidence was put to Mr W who said it was incorrect, and he had pages of documents – received under a data subject access request – that shows he had made numerous other calls in that time.

Mr W provided the documents he said proved other calls had been made, which our Investigator reviewed. Our Investigator said he wasn't persuaded to change his view of the complaint because none of the information Mr W provided showed any calls were held between Mr W and Halifax other than those we already knew about. He said there were some attempted calls from Halifax to Mr W, but that they either went to voicemail or Mr W said it was an inconvenient time to speak. And the calls on 5 and 9 December were just about the complaint.

Mr W's representative said that Mr W had told him Halifax should have more evidence of the calls he had made, with the documents indicating that in one he was passed to a different team but then it wasn't clear what happened on that subsequent call. He said Mr W had asked that we request call logs from Halifax of all calls made and received from him, which could then be gone through.

Our Investigator explained he already had Halifax's records of searches for Mr W's phone number, and those didn't show any other calls and neither had Mr W evidenced any other calls taking place.

As an agreement couldn't be reached it was agreed that the case would be passed to an Ombudsman to decide. Mr W's representative asked that a few things be highlighted in the referral to an Ombudsman:

- *"One of his primary disagreements with your decision is the view that the £75 was sufficient compensation. As a fixed rate was not set when it could have been, he ended up losing out more than £75 in the difference of mortgage rates."*
- *"Secondly, he has indicated that he was not informed that they could fill it out on the phone and that no one instructed him of any further steps that were required of him."*
- *"Finally, he stated that, even after the complaint was lodged in May 2023, no fixed rate was applied and his mortgage costs rose once more, causing further financial hardship. If you would be able to pass these additions on, that would be greatly appreciated."*

The case has now been passed to me to decide and I issue this decision as the final stage of our process.

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.

Although I've read and considered the whole file I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

Mr W has said he agreed to take out a fixed rate, saying in May 2023 that the review had taken place some months earlier. He said he'd been told the payments would be around £600 so he'd been putting £700 a month into the funding account to cover the direct debit for the new mortgage amount.

Halifax has searched its phone call records for Mr W's number and hasn't been able to find such a call, and having reviewed the contact notes, I can't see any phone contact was recorded with Mr W other than the call recordings and notes we do have. Mr W provided our Investigator with some information he received from Halifax as part of a subject access request he made, but none of that indicates a call took place during which Mr W arranged to take a new fixed interest rate product.

We've got both parts of the call of 1 December (that is, the call with the initial call handler, and then the second part after he'd been transferred). I've listened to both parts of that call very carefully and I'm satisfied Mr W didn't arrange a new fixed interest rate product at that time. Whilst the second call handler discussed some rates with him, it was made clear that those were just estimates and if Mr W wanted a new fixed interest rate product then he'd need to speak to a mortgage adviser to arrange that. The estimated monthly payments given were £694 (two-year fixed), £657 (five-year fixed) and £723 (ten-year fixed). The adviser offered to transfer the call to a mortgage adviser so that could be done, but Mr W said he didn't want to do that at the time as he wanted to speak to some other people first.

So, in summary, I'm satisfied Mr W didn't arrange a new rate at that time as, when he was given the option to be transferred to a mortgage adviser, he said he didn't want to at that time.

Whilst I acknowledge Mr W's recollections that he arranged a new fixed interest rate product, unfortunately I've been unable to find any evidence to support that and it seems unlikely, had that happened, that Mr W wouldn't have been sent a formal mortgage offer and other paperwork (as that is something Halifax would have been required to do, and the rate couldn't have been arranged without those certain regulatory steps being followed).

I must also keep in mind that in the call on 3 May 2023 Mr W, upon the call handler reading out the December call note, said that seemed like the time he arranged the rate, he just didn't think it had been that long ago. Rather than saying there had been another call after that, he asked whether the date could have been incorrectly recorded and in fact that call had taken place more recently (which he was told wasn't possible due to the way Halifax's contact note system worked). Later in that May call there was a conversation where the call handler said Mr W was transferred through to somebody else to discuss rates in the December call, and she asked if that could be what Mr W was referring to when he said he arranged a new rate. He admitted that it could be, but he couldn't remember, and he didn't think it had been so long ago as early December. Mr W said there may have been another call but he didn't know whether he called Halifax or Halifax called him.

Mr W has been unable to provide anything to show that call took place and Halifax, despite its searches, has been unable to locate any other calls with Mr W. The contact notes don't indicate any other calls took place and, as I've said, no paperwork was issued for a change of rate which it would have been.

Having considered everything very carefully I'm not persuaded it is more likely than not – which is the test I must use – that Mr W arranged a new fixed rate on his mortgage.

Mr W has said that he didn't know his rate had increased since February 2022 as he has difficulty reading. He says Halifax should have phoned him to let him know about the increases to his interest rate and to let him know he could apply for a new interest rate product.

I've reviewed the history of Mr W's mortgage account and I can't see any record, before December 2022, of him saying that he was unable to read the letters that were sent to him. The notes indicate that in 2009 Mr W authorised his mother, and a separate third party, to deal with his account but that was for a very specific reason not linked to this.

Halifax is one of the largest mortgage lenders in the UK and it simply doesn't have the capacity to phone every single one of its customers that is on a variable rate to let them know their rate was changing, and to discuss potentially getting a new preferential rate product. And, having considered everything very carefully, I'm not persuaded it was aware of Mr W's difficulties before December 2022 and so it would have no reason to consider whether it needed to contact Mr W in any way other than sending a standard letter.

That said, Halifax was notified of Mr W's circumstances in December 2022 but the call handler didn't take the action they should at that time to ensure Mr W's communication needs were met going forward. Instead that wasn't actioned until Mr W spoke to Halifax again on 3 May 2023. In its complaint response letter of 16 June 2023 Halifax acknowledged it got things wrong in not actioning that information in December 2022, and it apologised and paid £75 compensation.

Mr W's representative has said Mr W has lost out on more than £75 in the difference between mortgage rates, but the £75 isn't in respect of that. As I've explained above, I'm satisfied, on balance, that Mr W didn't apply for a new preferential interest rate product and so I make no order or award in respect of the difference in interest rate as I don't think Halifax has done anything wrong there.

Having considered everything very carefully I'm satisfied that the apology and payment of £75 is a fair resolution to the part of the complaint in respect of the five-month delay (from December 2022 to May 2023) in actioning what Mr W had said about his communication needs.

Mr W's representative has also said that Mr W has indicated that he wasn't told that he could apply on the phone and that no one told him of any further steps that were required of him. But Halifax did do this, on 1 December, when it told Mr W that he could be transferred to a mortgage adviser to apply for a new rate. But Mr W chose not to. That was followed up by an email from Halifax to Mr W on 5 December in which the complaint handler thanked Mr W for speaking to her earlier that day, and said *"In the meantime, if you wish to fix your rate you should call ..."*

Finally, Mr W's representative has said that even after the complaint was lodged in May 2023, a fixed rate still wasn't applied and Mr W's mortgage costs rose once more, causing further financial hardship. But, unfortunately by then Mr W's mortgage was some months in arrears so it wouldn't have been simply a case of a new rate being put in place. The call handler on 3 May explained the arrears situation and said that, outside of the complaint about a rate, Mr W needed to make payments towards those arrears.

Mr W made a payment of £500 on 3 May but it isn't clear why he didn't pay the full £2,800 he should have had available; that is, the four months (January to April 2023) of £700 he said he had been paying into the funding account. If Mr W had been paying £700 a month into the funding account, but the direct debit wasn't collecting due to requesting a higher payment, then those four months of £700 a month should still have been there to pay to the mortgage account as a lump sum. Instead Mr W was asking whether those months could be taken as payment holidays (they couldn't) and then only paid £500 in May 2023 with no further payments made at all up until the last point I am aware of (which was the end of November 2023).

A standard product switch wouldn't have been available for Mr W in May 2023 due to the level of arrears on his account, as it wouldn't have been appropriate to tie him into a new fixed interest rate at a time when his mortgage payments weren't being made. That's because an early repayment charge would be charged if the mortgage had to then be redeemed, whether that was due to Mr W remortgaging to a new lender to clear the arrears, Mr W selling the property or the property being taken into possession and sold.

Whilst I've a great deal of sympathy for the situation Mr W found himself in, with interest rates increasing by so much and so quickly, I can't hold Halifax liable for that. It had no reason to know it needed to do anything differently other than sending the standard rate change letters, and annual mortgage statements, to Mr W. And I've also not found anything to show it is more likely than not that Mr W applied for and secured a new fixed interest rate product in the period in question.

Having considered everything very carefully, I don't think Halifax has made an error in the circumstances and so I make no order or award for this part of the complaint.

Halifax has admitted it should have acted on the information Mr W gave it in December 2022 about his communication needs, and it has apologised (and paid £75 compensation) for not doing that until May 2023. Having considered everything very carefully, I'm satisfied that was a fair resolution for that part of the complaint.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 20 August 2024.

Julia Meadows

Ombudsman