

## The complaint

Mrs R has complained about the service she received from Bank of Scotland plc trading as Halifax when she contacted them about a payment holiday for her mortgage. Mrs R has also complained that Bank of Scotland plc trading as Halifax recorded her payment holiday as missed payments on her credit file, which has impacted her credit rating.

## What happened

The background to this complaint and my initial conclusions were set out in my provisional decision, which I issued last month.

My provisional decision said:

*Mrs R telephoned Bank of Scotland plc trading as Halifax (Halifax) on 20 July 2023 to tell them that she'd just been made redundant and as a result she wouldn't be able to meet the next monthly payment due on her mortgage, which was due 1 August 2023. During this call Mrs R agreed to a temporary plan with Halifax which enabled her to not make the monthly mortgage payments for 1 August, 1 September and 1 October 2023.*

*Halifax then wrote to Mrs R on 26 July 2023 to thank her for sharing information about her situation with them and to confirm that they'd agreed to put a plan in place for her mortgage. This plan meant that Mrs R didn't need to pay anything towards her mortgage until 2nd October 2023. The letter went on to explain that the mortgage payments included in the plan would need to be paid by Mrs R when the plan ended. Halifax would contact Mrs R at that time to agree her options and next steps to repay the amount that had been missed.*

*On 3 October 2023 Halifax wrote to Mrs R again to explain that the repayment plan they'd put in place for her had ended and Mrs R had £1,103.96 outstanding to pay on her mortgage. This was the sum of the missed mortgage payments for August, September and October 2023. The letter asked Mrs R to make a payment on her mortgage as soon as possible.*

*Halifax then wrote to Mrs R again on 11 October 2023 to say that they'd recently written to her about the outstanding amount left over from the plan they'd agreed for her. Halifax said that they hadn't received a payment from Mrs R or been able to agree a way forward with her yet.*

*On 13 October 2023 Halifax wrote to Mrs R to thank her for getting in touch with them about her mortgage and to tell her that they'd now set up a new plan which they'd agreed with her.*

*This new plan meant that with effect from 1 November 2023 Mrs R would make an extra payment on top of her normal monthly mortgage payment to clear the outstanding sum of £1,103.96. The final payment due on this plan was 1 September 2024, so by then Mrs R would've repaid the full outstanding amount.*

*Mrs R found new employment, so on 12 December 2023 she decided to clear all the arrears left on her mortgage from her repayment plan, which then stood at £903.22. Mrs R went to a local Halifax branch to do this, as she has said that she couldn't get any help from Halifax over the telephone. Mrs R has said that she couldn't get any help from Halifax at her local branch, so went to her bank instead, who did help her to pay off the arrears with Halifax.*

*Mrs R complained to Halifax. She said that she'd received poor service during her telephone call to them on 20 July 2023 and when she visited her local Halifax branch on 12 December 2023. Mrs R also complained that Halifax had recorded the temporary plan that she had agreed to during her telephone call of 20 July 2023 as missed mortgage payments which had impacted her credit rating. Mrs R said that she thought she had a payment plan in place because she had contacted Halifax.*

*Halifax responded to Mrs R's complaint on 13 December 2023. Halifax apologised for the service they'd offered Mrs R not being to a standard that she would expect and said they'd pay Mrs R £40 in compensation.*

*With regards to Mrs R's telephone call to Halifax on 20 July 2023, Halifax went on to say: "Having had the opportunity to listen to the call, I agree there was a language barrier with this offshore colleague. One such example would be where you were questioned on travel costs for things like going to work, which you understandably pointed out was irrelevant in your circumstances as you had been made redundant. It did feel scripted to me, and I appreciate why this left you feeling frustrated."*

*However, Halifax said that they couldn't agree that Mrs R wasn't told about the impact on her credit report and said that this was "clearly outlined on more than one occasion on the call". Halifax also said that they also told Mrs R about the impact on her credit report when they sent her their arrangement confirmation letter.*

*Finally, Halifax said that they understood that Mrs R's credit report was showing as missed payments and not an arrangement that was agreed with them. Halifax said they'd sent Mrs R's credit report to their Credit File Amendments Team for review and would contact Mrs R to confirm the outcome of this. However, Halifax wrote to Mrs R again on 21 December 2023 to say it wasn't possible to change Mrs R's credit report.*

*Mrs R wasn't happy with Halifax's response to her complaint, so she referred this to the Financial Ombudsman Service. One of our Investigators reviewed Mrs R's complaint. Their view was that Halifax had correctly reported everything on Mrs R's credit file. However, our Investigator did agree that Mrs R had received poor service from Halifax during her telephone call of 20 July 2023 and when she visited her local Halifax branch on 12 December 2023. To compensate Mrs R for this poor service, our Investigator thought Halifax should pay her £100 in compensation, so a further £60 in addition to the £40 that Halifax had already paid Mrs R.*

*Mrs R didn't agree with our investigator's view, so asked for her complaint to be referred to an Ombudsman.*

### **What I've provisionally 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.*

*I've listened carefully to the recording of Mrs R's telephone call to Halifax on 20 July 2023. Halifax has said that Mrs R did experience a "language barrier" with their representative during the call and that the call did feel scripted. I note that there are times during the call when Mrs R did ask the Halifax representative to repeat themselves, as Mrs R hadn't understood what had been said.*

*During this call a temporary plan is agreed for Mrs R which will mean that she won't make her monthly mortgage payment for August, September and October 2023. Mrs R is told by the Halifax representative during the call that because of the temporary plan "her credit file may be impacted". Mrs R has said that she didn't appreciate the gravity of this statement during the call. Mrs R has also said that she had difficulty understanding the Halifax representative at times during the telephone call.*

*I've listened to the part of the call when the Halifax representative told Mrs R that "her credit file may be impacted", as detailed above. I have the impression that this statement is read from a script and is part of some different areas of information being given to Mrs R from the script at the same time.*

*Given that Mrs R has said that she had some difficulty understanding the Halifax representative at times, and that Halifax has also said that they thought there was a "language barrier" during the call and that it did feel scripted, then my conclusion is that I don't find it was unreasonable that Mrs R didn't fully take on board what was said about her credit file during that part of the call.*

*Later in the call though, Mrs R is told that by setting up the temporary arrangement with Halifax "your credit file will show that you have a plan in place with us". I think that the Halifax representative was telling Mrs R that she had agreed a payment plan with Halifax and that this will be shown on her credit file. I also think that this is clearly explained by the Halifax representative and my impression is that this statement was understood by Mrs R.*

*Halifax has sent this Service a copy of the information it reported to Mrs R's credit file. This records that Mrs R's payment status for the monthly mortgage payments due in August, September and October 2023 is "AA", meaning missed payment. Mrs R has said that this record should be changed to "AR", meaning arrangement to pay, for each of these three months.*

*Halifax then wrote to Mrs R on 26 July 2023 to confirm details of the temporary arrangement that she has agreed. In this letter Halifax say: "To give you some time to work through your finances, we agreed together to put a plan in place for your mortgage". Halifax then go on to say: "The payments included in the plan will still need to be paid when the plan ends. At that time we'll get back in touch to work through your options and next steps to repay the amount that's been missed while the plan is in place".*

*Later in this letter Halifax say:*

*"Your credit score could be affected*

*We need to let the Credit Reference Agencies know when payments aren't being made on a plan. This will show on your credit file as missed payments. They use this information to work out your credit score. A lower score could make it more difficult for you to borrow from banks, building societies and other credit providers in the future."*

*I think that in this letter Halifax is telling Mrs R that they need to let the Credit Reference Agencies know when payments aren't being made on a plan and that these will show on her credit file as missed payments. But I also think that Halifax is telling Mrs R that she does*

have a “plan” in place with them.

*I think that Mrs R was also told during her telephone call of 20 July 2023 that she had agreed a payment “plan” with Halifax. I therefore think it reasonable to assume that on reading this letter Mrs R would conclude that when she decided to proceed with the temporary arrangement put to her by Halifax that she would have an agreed plan in place with them and that her temporary arrangement wouldn’t be recorded as “missed payments” on her credit file.*

*I therefore conclude that from the information Mrs R received from Halifax she would have reasonably believed that her credit file would not be marked “AA”, which is what happened, but would instead have been marked “AR”.*

*Halifax has admitted that Mrs R did receive a poor service during her telephone call of 20 July 2023. I have however not received any evidence to show what happened when Mrs R visited her local Halifax branch on 12 December 2023.*

*However, in their final response letter to Mrs R, Halifax say about Mrs R’s claim about her branch visit: “I was sorry to learn this, and you can be assured that I have delivered feedback to the branch as this is not the type of experience we want to deliver for our customers”. I think that Halifax are saying that Mrs R didn’t have a good experience when she visited her local Halifax branch.*

*I therefore think that Mrs R’s complaint should be upheld and I will now consider what actions Halifax should take to put things right for Mrs R.*

### **Putting things right**

*I think that it would be reasonable to believe that Mrs R would have thought that her credit file would be recorded as “AR” and by Halifax not giving her clear, fair and not misleading information she was denied the opportunity to take a different course of action to minimise the impact on her credit file.*

*Mrs R has said that she wants Halifax to amend her credit file from “AA” to “AR” for the months of August, September and October 2023, as they have done for November 2023. I think that Mrs R’s request is reasonable and I therefore think that Halifax should now amend Mrs R’s credit file to “AR” for August, September and October 2023.*

*Mrs R has also complained about the poor service that she received from Halifax, the impact that their error has had on her credit rating and the time that she says she’s spent trying to resolve matters with Halifax. I therefore conclude that Mrs R has suffered distress and inconvenience due to Halifax’s errors.*

*I have considered the level of distress and inconvenience that I think Mrs R has suffered and think it’s reasonable that Halifax should now pay Mrs R £250 in compensation for their errors. Halifax has already paid Mrs R £40 in compensation, so they now should pay an additional £210, so that the total compensation paid to Mrs R is £250.*

### **My provisional decision**

*My provisional decision is that I uphold Mrs R’s complaint against Bank of Scotland plc trading as Halifax and that Bank of Scotland plc trading as Halifax should now put things right for Mrs R as I’ve set out above.*

## 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 and Mrs R have both responded to my provisional decision. Halifax has said that it's in agreement with my provisional decision.

Mrs R has said that as soon as she knew her credit file had been impacted by Halifax's actions she repaid the whole arrears amount. Mrs R has also said that she spent many hours on telephone calls and emails trying to resolve the issues that she has with Halifax, which has also impacted on her ability to move her mortgage to an alternative lender.

Mrs R has gone on to say that the impact of Halifax's actions on her credit file could potentially cost her more than the compensation amount of £250 set out in my provisional decision. Mrs R also says that she had intended to look into the "*Help To Buy*" element of her mortgage, but thinks that this will not now be possible.

Mrs R has gone on to say that whilst she appreciates that the change from "AA" to "AR" may help her credit file, she thinks that fully removing the references of "AA" and "AR" from her credit file would be the best outcome for her.

Finally, Mrs R has said that if she does need to move her mortgage from Halifax then, because of Halifax's actions, the cost of doing this will now be "*into £1000's of pounds*", and if Halifax don't agree to my provisional decision, then she doesn't know how she will be able to move her mortgage forward.

As I've said above though, Halifax has agreed with my provisional decision. Mrs R has previously said that she wants Halifax to amend her credit file from "AA" to "AR" for the months of August, September and October 2023, as they have done for November 2023. In my provisional decision I'd said that I thought Mrs R's request was reasonable and I therefore thought that Halifax should now amend Mrs R's credit file to "AR" for August, September and October 2023. Halifax has now said that they're in agreement with making this change to Mrs R's credit file.

This will mean that Mrs R's credit file will be changed from "AA" to "AR", which is the outcome that Mrs R had said she wanted. However, Mrs R has now said that she'd like any reference to "AA" or "AR" removed from her credit file altogether. But I don't think that this would be right. Halifax has a responsibility to report accurate information to the credit reference agencies, as it will have done once the markers are amended to "AR". There are no grounds for me to order Halifax to amend Mrs R's credit file information to remove any reference to the payment arrangement as it is a true reflection of the conduct of her account.

If Mrs R wants to add an explanation to her credit file, she can contact the credit reference agencies directly and ask to add a notice of correction, that way other lenders can read Mrs R's explanation of the situation when they are deciding whether to lend. But I cannot order Halifax to remove the "AR" markers as that would then not be an accurate representation of what happened.

I'm of the opinion that once Halifax has made the change from "AA" to "AR", Mrs R's credit

file will be corrected. I think this will mean that if Mrs R does decide to move her mortgage from Halifax to a different lender, then any assessment of Mrs R's credit file made by a potential new lender will be based on this now corrected information. I therefore don't think it would be reasonable for Halifax to be responsible for any additional costs that Mrs R may incur by moving to a new lender because her credit file is correctly showing "AR".

Mrs R has also claimed that she will potentially have to keep her mortgage with Halifax but says that this would increase her monthly payments. This is because Mrs R thinks that when Halifax review her credit file, it will see the missed payments and will not fully understand or appreciate what has caused the issues which Mrs R has.

I have however not seen any evidence to show that this is what would happen. As I've said above, Halifax agree with the findings of my provisional decision, so Mrs R's credit file will change from "AA" to "AR". I also think it reasonable that if Halifax reviewed Mrs R's mortgage payment records, then it will have accurate information and details of their correspondence with Mrs R. I therefore don't think it reasonable to assume that Halifax wouldn't appreciate or understand what has happened on Mrs R's mortgage.

Mrs R has said that compensation of £250 doesn't fully reflect the level of inconvenience she's suffered as a result of Halifax's errors. I've therefore fully considered the level of distress and inconvenience that I think Mrs R has suffered.

I think that Mrs R has suffered distress and inconvenience due to Halifax's error and therefore it's reasonable that Halifax compensate Mrs R for this inconvenience. As Mrs R has said, she had to spend time on emails and telephone calls trying to resolve this matter with Halifax and has had the worry about what impact Halifax's error would have upon any new mortgage application. But I think that taking all of this into account, on balance, a compensation payment of £250 is fair and reasonable in this case.

I've therefore not seen any new evidence or information that has changed the views that I'd set out in my provisional decision.

### **Putting things right**

In my provisional decision I'd set out details on how Halifax should now put things right for Mrs R. Halifax has said that it's in agreement with my provisional decision.

Halifax should therefore now amend Mrs R's credit file to "AR" for August, September and October 2023. Halifax should also pay Mrs R £250 in compensation for its errors. Halifax has already paid Mrs R £40 in compensation, so they now should pay an additional £210, so that the total compensation paid to Mrs R is £250.

### **My final decision**

My final decision is that I uphold Mrs R's complaint and that Bank of Scotland plc trading as Halifax should now put things right for Mrs R as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 21 August 2024.

Ian Barton  
**Ombudsman**