

The complaint

Mr C's complaint is about his mortgage with Bank of Scotland plc trading as Halifax. He is unhappy that an overpayment he made on internet banking was not credited to his mortgage, and instead was returned to his bank account without Halifax contacting him about what happened.

What happened

In early 2023 Mr C asked a member of Halifax branch staff about making an overpayment to his mortgage. He was given a handwritten note of the account details and reference number he needed to use. Unfortunately, the last digit of the reference number was badly written and could be seen as either a zero or six – it was a zero. Mr C saw the number as a six and so used an incorrect reference on the transaction. This meant that the overpayment Mr C subsequently tried to make to his mortgage was returned by Halifax's systems.

Mr C complained about the matter at the time. He was given the correct payment reference number, £150 compensation and Halifax offered to backdate the overpayment if Mr C paid it again. This event does not form part of this complaint.

In December 2023 Mr C tried making another overpayment. He did so on internet banking and unfortunately used the incorrect reference he had used on the previous attempt. The payment was again returned to his bank account by Halifax's automated system due to the destination account not existing.

Mr C complained in January 2024. Halifax responded to the complaint in a letter dated 23 February 2024. It confirmed that Mr C had been given the correct payment details in 2023 when he had complained. Despite Halifax not considering it was at fault for the problem with the payment, it said that if Mr C made the payment again by 28 February 2024, it would backdate it to the date he had originally tried making it. It was also confirmed that if that happened, the payment would not affect Mr C's overpayment allowance for the current mortgage year. The correct payment details were again given to Mr C.

Mr C made the payment on 1 March 2024 and so Halifax didn't backdate it. However, the payment was within the overpayment limit for the current year and so no early repayment charges were applied.

Mr C wasn't happy with this outcome and asked us to consider his complaint. One of our Investigators considered the complaint, but he didn't recommend it be upheld.

Mr C didn't agree with the Investigator. He was unhappy that we took Halifax's side, as he saw it, and that Halifax had given him a deadline to make the payment again. Mr C commented that the mistake with the overpayment for 2023 meant that he was being penalised in regard to the 2024 overpayment allowance. As agreement could not be reached, it was decided that the complaint should be referred to an Ombudsman for review.

The Investigator explained to Mr C that if he had new questions or concerns about his mortgage payments or the overpayment allowance available to him, he would need to raise them with Halifax before we could comment.

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.

I know that this will come as a disappointment to Mr C, but I am not upholding his complaint. While Halifax made a mistake when he was provided with the original payment reference to be used in early 2023, it corrected that mistake at the time. The fact that Mr C mistakenly used the wrong payment reference again in December 2023 is not Halifax's fault.

As I have said above, the return of the money to Mr C's account was an automated system response to the money having no valid destination. This is not something that would be unusual and I wouldn't expect Halifax to contact its customers in such circumstances. Customers would be expected to check such transactions had completed, as Mr C clearly did.

However, I note that Halifax offered to allow Mr C to make the overpayment again and have it backdated to the date he originally tried to make the payment. Given that Halifax had done nothing wrong, it didn't need to make this offer. In doing so, I can only conclude that Halifax treated Mr C more than fairly when dealing with his complaint and it was not unreasonable for it to set a deadline for that offer.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr C to accept or reject my decision before 31 December 2024.

Derry Baxter
Ombudsman