

## **The complaint**

Mr F and Mrs A complain that Bank of Scotland plc trading as Halifax didn't cancel their application for a fixed interest rate deal on their mortgage. When they sold their house, they then had to pay an Early Repayment Charge ("ERC").

## **What happened**

Mr F and Mrs A said they agreed to take out a new fixed interest rate deal on their mortgage, offered by Halifax. But they said that before the product started, they sold the house, and they said the transfer to the new fixed interest rate was cancelled in January 2024. But when they came to redeem the mortgage in February, they were told they would need to pay an ERC. Halifax said it didn't get any call from their broker about this, and their fixed interest rate deal hadn't been cancelled.

Mr F and Mrs A said it was irrelevant that Halifax couldn't find the call their broker made to cancel the deal. They said they knew, once they asked for the upcoming fixed interest rate deal to be cancelled, that Halifax would confirm this cancellation in writing. And they said they received a letter on 25 January, which said they would be going onto the standard rate. So they said for them, that clearly indicated the product they had reserved had been cancelled.

Mr F and Mrs A said they could have called Halifax again, and were still in time to cancel, but they took no action, because of the letter Halifax sent.

Mr F and Mrs A said they'd had to pay an ERC of almost £6,000, and they thought that was Halifax's fault. Mr F and Mrs A said Halifax had admitted over the phone that its letter had caused the problem, but then when it wrote to them about this, it said it wouldn't pay anything back.

Halifax didn't agree, and it didn't think it had done anything wrong. It said it had written to Mr F and Mrs A on 3 January 2024 confirming the new fixed rate that would be applied to their mortgage from February. That letter gave Mr F and Mrs A 28 days to change their minds.

Halifax said it hadn't received any request to cancel this rate, and it had carried out an extensive investigation to try to find the call that Mr F and Mrs A claimed their broker had made. There was no call from Mr F and Mrs A's broker to cancel their mortgage deal.

Halifax also said it hadn't written out to Mr F and Mrs A to say their new fixed rate deal had been cancelled before it was applied. It had written to say their previous fixed interest rate was coming to an end, but that's not the same thing. Halifax said its letter told Mr F and Mrs A that if they'd already secured a new mortgage product they could ignore that letter. So Halifax said this letter didn't confirm their new rate had been cancelled. Halifax wouldn't refund the ERC it had charged.

Our investigator didn't think this complaint should be upheld. He said he couldn't see that Halifax had been contacted to cancel this mortgage deal. And if the product had been cancelled, he would have expected Halifax to write to Mr F and Mrs A to tell them that. The

letter they received in January didn't confirm the cancellation of a previously reserved interest rate. It just said "*Your mortgage product rate is ending soon*". And it then went on to say "*If you've already started switching to a new interest rate with us, there's no need to call us – we'll send you all the details about your new rate and monthly payment separately*"

Our investigator noted that the letter makes no reference to the rate Mr F and Mrs A had recently reserved, and confirmation of the new rate had already been sent. So he said if this had caused confusion, Mr F and Mrs A could have checked the position with Halifax. He didn't think Halifax had to pay back the ERC it had charged.

Mr F and Mrs A didn't agree. They said our service hadn't addressed the misleading communication from Halifax. They repeated that the letter they received led them to believe it was a confirmation of the cancellation, because it included a start date for the new, variable rate to be applied to their mortgage. They said Halifax has a duty to communicate clearly, and it hadn't done that here. Mr F and Mrs A also wanted to stress that Halifax had initially admitted fault, before changing its mind.

Because no agreement was reached, this case was passed to me for a final decision.

### **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've reached the same overall conclusion on this complaint as our investigator.

Halifax says that it has carried out an extensive and thorough search for calls from Mr F and Mrs A's broker, and there was no call to cancel their mortgage on the date they gave, or around that date. I don't think Mr F and Mrs A have shown our service that it's most likely this call was made.

But Mr F and Mrs A say that's beside the point. They say the real problem here is that Halifax sent a misleading letter, which made them think the rate had been cancelled.

I know the letter Halifax sent does say that Mr F and Mrs A are about to go onto the standard variable rate, so their mortgage payments will increase. And I understand their argument, that because of this they thought their application for a new interest rate had been cancelled. But the letter itself doesn't say that. Mr F and Mrs A have been very clear with us that they were expecting Halifax to write to confirm their new rate had been cancelled. So it's not easy to see why they thought this letter, with no reference to the rate they had chosen, was sent to confirm the cancellation of the rate they'd reserved.

Having considered this letter carefully, and also bearing in mind the circumstances of Mr F and Mrs A when they received it, I do still think that the letter does set out that it's intended to prompt people who haven't thought about a new rate, to the fact that their old rate is about to end. And the text our investigator quoted, above, explains that if they have already asked to switch to a new rate, they should not assume that switch isn't going ahead because of this letter. So I think that Halifax makes clear that this letter isn't about the cancellation of a previously booked new rate. I don't think the misunderstanding here happened because of the content of the letter that Halifax wrote.

I understand that this isn't how Mr F and Mrs A understood this letter, and I appreciate that's really unfortunate, because it meant they later had to pay a large ERC when their property was sold. I am also aware that Mr F and Mrs A say Halifax did initially admit fault here, but I don't think this is Halifax's fault. So I'm sorry to have to tell Mr F and Mrs A that I don't think

Halifax has to pay back that money now.

I know that Mr F and Mrs A will be very disappointed, but I don't think their complaint should be upheld.

**My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr F to accept or reject my decision before 2 December 2024.

Esther Absalom-Gough  
**Ombudsman**