

## **The complaint**

Miss B's complaint about Bank of Scotland plc trading as Halifax (BOS) relates to the rejection of her mortgage application and also delays she experienced thereafter in appealing that decision.

## **What happened**

Miss B took out a mortgage with BOS in July 2019 and applied to 'Port' that mortgage in February 2024. She feels BOS rejected her application because on her credit file a direct debit mortgage payment was recorded as being missed in September 2023. Miss B made the missed payment on the 30 October 2023.

Miss B unsuccessfully appealed that decision and went on to raise a complaint which was not upheld. She provided further information, but that didn't change BOS' position. BOS' senior management agreed to review her application and having done so, and in the light of her personal circumstances, agreed to remove the missed payment from Miss B's credit file. Miss B made another application which BOS then approved, albeit they say that the removal of the adverse entry was not the sole reason for her application having been previously declined.

After Miss B made her complaint to this service, but before any investigation was carried out, BOS contacted our investigator to say it had carried out a further review and established incorrect information had been provided to Miss B regarding the dates of the failed DDs. Further, that it had missed the opportunity to establish the full facts at the first point of contact, meaning it might have been able to address the amendment to her credit file sooner. Taking this into account, BOS offered to pay Miss B £500 recognising they could have could have provided her with a better service.

Miss B rejected that offer and asked this service to look into her complaint. She did not agree with our investigator's view and asked for an Ombudsman to make 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 know the parties provided more detail than that set out in the above summary, but I have focussed on what I see as the key issues, because it reflects the nature of our service, that being an informal dispute resolution service and an alternative to taking Court action. My approach is to look at what happened and determine whether I think a business has been unfair or unreasonable. We are an impartial service and so we don't take sides – I'll only ask a business to take further action if there is enough evidence to justify doing so.

If I've not mentioned something in my summary then this isn't because I've ignored it, it's simply because I don't need to comment on every individual argument to be able to reach what I think is the right outcome. Naturally, I have considered the views of both Miss B and BOS together with the available evidence.

The accepted facts are that Miss B missed the September 2023 mortgage payment as her bank declined the DD request. That is quite obviously outside the control of BOS. When collection was attempted the first time, it failed because of insufficient funds. I note that a credit of £50 Miss B made to her account most likely had not been credited when this attempt was made. But whether it was or wasn't that is again something outside of BOS control and is a matter between Miss B and her bank upon the issue of when it ought to have been credited.

BOS made another request to collect the DD two weeks later and this was also declined. Miss B was then sent a letter explaining that if payment was not made in September her credit file might be affected, but it was not until 30 October that the payment was eventually made.

On this issue I can't say that BOS have made any error. BOS simply reported the facts of the missed payment to the credit reference agencies (CRA). So, I think BOS acted appropriately, as it's their duty to accurately report the position of a customer's mortgage account. That is all that they did here, and I cannot say there was an error on their part. It follows that I must find they have acted fairly and reasonably.

I know Miss B feels that her credit file ought to have been amended much sooner, but I don't agree. BOS were not required to amend the credit file at all since it had simply reported the true facts. Just because BOS subsequently agreed to remove the entry is not evidence that they were obliged to remove it any earlier. The reason it was removed, appears to me, was because having elevated her complaint to senior management, discretion was exercised taking into account her circumstances. BOS were not bound to exercise their discretion.

I do acknowledge Miss B had a difficult time for three months, as she has described, and I empathise with her, but I cannot say that BOS was the cause of that. For the same reasons I cannot say that BOS caused any delay to her completing the purchase of her new home.

Miss B also believes her broker was misinformed by BOS' underwriters. She says that he was told, *"that one missed payment alone would not cause the application to fail"* and there were other factors effecting the application. It is correct that the underwriter made that comment since it is recorded in the transcript of the telephone call. However, within the context of the whole call, it is clear that the reason the application failed was not only because of the missed payment but because there were other issues regarding affordability. I note that the collection of the DD was attempted twice, and it was around six weeks after the 15 September that the payment was actually made, which reinforces the affordability point BOS make. So, I don't think her broker was given any inaccurate or misleading information.

I appreciate that from Miss B's perspective she feels that it must only have been the removal of the adverse credit file entry which was holding back her application, but I don't think that is the case. When she renewed her application after the amendment to the credit file she had provided further information about her overall circumstances, including her health, and it seems this was all then taken into account. When businesses such as BOS decide an application they take into account a lot of information beyond just the applicants credit score. Businesses are not obliged to share with this service how specifically they score an applicant's application. So I can't say BOS have acted unfairly.

BOS has however accepted that it didn't get some things right and because of that it compensated Miss B with £500. Our investigator thought that was a reasonable amount and I agree. In fact, I think it is a generous offer.

It is important to remember that there is no set figure for compensatory awards, since the facts of each case are different. Ultimately it is an exercise of judgement, looking at all the circumstances and coming to a figure which feels fair, when set against the effect of any failures in service on the person bringing the complaint. When we make awards of compensation we categorise them and examples of these can be found on our website. I think the relevant category for this this complaint would probably just be in the second category of awards of over £300 and up to around £750.

### **Putting things right**

So, having weighed up all the information provided, I am satisfied that BOS' offer to pay Miss B £500 as recompense for the distress and inconvenience caused was reasonable.

### **My final decision**

Bank of Scotland plc trading as Halifax has already made an offer to pay Miss B £500 to settle this complaint, and I think that is fair and reasonable. So, my final decision is that it should pay Miss B £500. For the sake of clarity, I understand it has not yet been paid, and of course if I am wrong about that and Miss B has already received it, then BOS do not need to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 19 January 2025.

Jonathan Willis  
**Ombudsman**