

## **The complaint**

Mr and Mrs G's complaint arises out of their mortgage held with Bank of Scotland Plc trading as Halifax (and referred to here as Halifax).

Following my jurisdiction decision dated 27 November 2024, this decision is limited to consideration of the following matters:

- Because Halifax has changed its lending criteria, Mr and Mrs G are unable to sell their property.
- Mr and Mrs G don't feel Halifax has given them enough help or support as the mortgage is coming to the end of its term.

## **What happened**

In 2010 Mr and Mrs G re-mortgaged their property to Halifax. They borrowed £191,000 plus fees on an interest-only basis over a term of 17 years. The mortgage was initially on a two-year tracker rate, but is now on Halifax's Standard Variable Rate (SVR).

As the mortgage is approaching the end of its term, and Mr and Mrs G haven't made any provision for a repayment vehicle, they've been thinking about how to repay the mortgage at the end of the term.

Mr and Mrs G wanted to sell the property to a family member who owns agricultural land adjacent to Mr and Mrs G's property. The family member applied to Halifax for a mortgage on Mr and Mrs G's property, but the application was declined because it didn't meet the bank's lending criteria.

Mr and Mrs G complained about this, saying that Halifax's changes to its lending criteria mean that they're now unable to sell their property.

Mr and Mrs G also raised their concerns about what they considered to be a lack of help and support. Mr and Mrs G explained that they were both now retired, and that Mr G wasn't able to work due to ill health. As a result, their income had been impacted, and leading to financial difficulties, as they were having to borrow from family members to keep up with their mortgage repayments. Mr and Mrs G wanted to sell the property, but weren't able to because their family member couldn't get a mortgage on it.

Halifax didn't uphold the complaint. The bank explained that it couldn't comment on another party's mortgage application. Halifax said the property had met its lending criteria in 2010, but that it was entitled to change this, based on its risk appetite.

In relation to Mr and Mrs G's concerns about their financial position, Halifax suggested that it might be helpful for Mr and Mrs G to take some independent financial advice. Halifax also said it would be happy to review the mortgage interest rate and said that (at the date of the final response letter) it could offer Mr and Mrs G a two-year fixed rate of 5.39%.

Halifax also said that Mr and Mrs G could speak to its End of Term (EoT) team to discuss their options in relation to repayment of the mortgage balance at the end of the term. Halifax also provided contact details for support agencies for Mr and Mrs G.

Dissatisfied with Halifax's response, Mr and Mrs G raised their complaint with our service. An Investigator looked at what had happened but didn't think Halifax had done anything wrong. He was satisfied that the bank was entitled to set its own lending criteria and that this can change from time to time to reflect Halifax's risk appetite. The Investigator also thought it was fair that Halifax had offered to review Mr and Mrs G's interest rate, and had asked them to contact the EoT team to discuss their options.

Mr and Mrs G didn't accept the Investigator's findings and asked for an Ombudsman to review the complaint. Mrs G said that the Investigator's findings were "*a joke*". She also said that her family members are unable to continue to help them financially, and although she has noted that Halifax has offered to review the interest rate, Mrs G says that she knows "*they will not drop the mortgage that much, considering there is only 3 years left*".

### **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.

As I said at the outset, this decision is limited to the two issues detailed above. I have previously issued a decision in which I explained that Mr and Mrs G's complaints that the mortgage was mis-sold in 2010 and that their family member's mortgage application was declined are outside the jurisdiction of the Financial Ombudsman Service.

**Lending criteria:** Halifax is entitled to set its own lending criteria. Decisions that Halifax makes in respect of what those criteria are, its attitude to risk in any lending decision, and whether it should lend and if so, on what terms are clearly discretionary matters for Halifax's own commercial judgement that I would not interfere with.

Halifax has explained that Mr and Mrs G's property met its lending criteria in 2010. However, in line with Halifax's regulatory and prudential responsibilities to limit the bank's exposure to risk, lending criteria are regularly reviewed. Mr and Mrs G's property abuts agricultural land, and in addition, the agricultural land is owned by a family member. As a result, there is an additional risk to Halifax and the bank has decided it will no longer lend on properties that fall within those criteria. This is a decision Halifax is entitled to make.

In the circumstances, I'm unable to find Halifax has done anything wrong in reviewing its lending criteria from time to time.

**Support and help:** I'm very sorry to note that Mr and Mrs G have had some health issues, and that as a result they are experiencing financial difficulties. I've looked at what Halifax has offered to do to help Mr and Mrs G.

The mortgage is currently on Halifax's SVR, which means that it is linked to the rise and fall in the Bank of England Base rate. Mr and Mrs G have said that the mortgage is currently unaffordable without the help of family members. However, I'm satisfied that Halifax has offered to put Mr and Mrs G on a two-year fixed-rate mortgage, which would significantly lower their monthly repayment and ensure stability of repayments going forward. I think this is a reasonable option for Halifax to suggest.

Mr and Mrs G have previously declined this, presumably because they were planning on selling and didn't want to incur an early repayment charge (ERC). But it is a reasonable offer for Halifax to make to ensure Mr and Mrs G are not affected by interest rate fluctuations.

Halifax has also asked Mr and Mrs G to contact its EoT team to see what options are available for them to repay the balance of the mortgage at the end of the term. There are just under three years left to run on the mortgage. Because Mr and Mrs G didn't set up any separate repayment vehicle when they took out the mortgage in 2010, it's important that they give careful consideration now about how they intend to repay the mortgage before the term expires.

I also note Halifax has suggested Mr and Mrs G take financial and legal advice, so they are fully aware of their options. Halifax has also signposted Mr and Mrs G to agencies who might be able to provide support. Overall, I think Halifax has done its best to help Mr and Mrs G, and has offered appropriate support.

I will also mention that on 4 November 2024 new regulations came into effect which give lenders more options to help borrowers who are already, or who are about to be, in financial difficulty. Halifax can only offer help if Mr and Mrs G ask for it, so it's important that they maintain an open dialogue with Halifax about their situation.

I know this isn't the outcome Mr and Mrs G were hoping for. I do have considerable sympathy for the position in which Mr and Mrs G now find themselves, as they'd been hoping to sell the property in order to repay the mortgage. It is possible that a specialist agricultural mortgage broker might be able to assist their family member to purchase the property, but that would be an option for that party to pursue.

### **My final decision**

My final decision is that I don't uphold this complaint.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs G to accept or reject my decision before 2 January 2025.

Jan O'Leary  
**Ombudsman**