

## **The complaint**

Mr and Mrs H complain about what happened when they remortgaged away from Bank of Scotland plc trading as Halifax. They said Halifax should never have asked them for a large payment to their mortgage on the same day the mortgage was being paid off in full.

## **What happened**

Mr and Mrs H said they had decided to remortgage away from Halifax. They'd been paying £2,000 per month, but once the product ended, that monthly payment doubled. So they found a better deal elsewhere with a different lender.

Mr and Mrs H said their remortgage was due to complete on 2 April 2024. They'd timed that for the first working day after the end of Halifax's Early Repayment Charge ("ERC") which was payable up until 31 March 2024.

But Mr and Mrs H said that at the end of March, they could see a pending direct debit to Halifax, for over £4,000. They said they were dealing with some unexpected emergency expenses at the time, so were keeping a close eye on finances.

Mr and Mrs H said they had expected, as part of their remortgage, that Halifax and their new lender would liaise, to make sure that the higher rate was never actually charged by Halifax. But now they were facing having to pay their emergency expenses, the new mortgage with their new lender, and this greatly increased mortgage payment to their existing lender, all in the same month.

Mrs H said she wanted to complain about the lack of consideration given to their situation and the absence of warning or communication. She didn't feel that Halifax had complied with the Consumer Duty, a set of rules and guidance for financial services providers introduced by the industry regulator, the Financial Conduct Authority, in July 2023. She said Halifax just told her that the ordeal was part of the process.

Mrs H also said she was deeply troubled to hear that Halifax was offering cheaper rates over the phone to non-renewing customers. She also said Halifax had severely undervalued their property. She thought Halifax was doing this to exploit customers.

Mrs H said she wanted an apology for the distress and inconvenience, and an acknowledgement that it's unacceptable that customers should be subjected to processes that can cause significant harm and detriment.

Halifax took a rather different view. It said it was sorry about how one particular call was handled, because Mrs H didn't feel that the agent was taking her concerns seriously. Halifax said it thought that the agent was just reacting to something Mrs H said, not that he was making fun of her circumstances, and Halifax noted the agent had apologised in the call when he realised that Mrs H was upset.

Halifax said that its redemption statements can be requested for all sorts of reasons, and Halifax will only start to close a mortgage once it has actually received the payment. Before

that, it doesn't know if the remortgage is going ahead or not.

Halifax said it does take up to 20 days to get an overpayment back to the customer, and explained that's partly because it can take three to five days just for the money to reach Halifax. But Halifax said Mrs H did have other options. She could have completed a direct debit indemnity, and Halifax said if Mrs H's lawyers were advising against this, then it suggested she speak to them again now. Halifax said that would be the quickest way to get the money back.

Halifax said Mrs H complained she wasn't warned about the upcoming change in her monthly payment, but Halifax said this was in line with her original offer, and it had reminded her about this in a recent letter, dated 1 March 2024. That told her what the new payment would be from 1 April 2024.

Halifax also said that when it creates new products, it does try to strike a fair balance, taking into account new customers and keeping existing customers. It said things like general market considerations can affect the deals it can offer. Halifax said it doesn't seek to disadvantage any particular group of customers.

Halifax noted Mrs H had queried its valuation of the property. Halifax said it does have a process to appeal that, but that would be done as part of a mortgage review with it, which Mr and Mrs H hadn't carried out.

Our investigator didn't think this complaint should be upheld. He didn't think Halifax made a mistake by asking for the April direct debit payment for this mortgage. And he said that Halifax's agent had given Mrs H options to stop the direct debit from being taken. He thought the options were reasonable. He said Halifax had shown us that the direct debit was actually returned as unpaid, which meant the impact was minimised here.

Our investigator said Halifax does have a way to challenge valuations, but Mr and Mrs H hadn't pursued that. And he said Mr and Mrs H hadn't shown us evidence that the rates offered to non-renewing customers were more favourable. So he didn't think Halifax had acted unfairly.

Mrs H replied to object. She said that our service hadn't understood the impact of the situation, and Halifax shouldn't expect its customers to have this sort of money available. She said Halifax knew they were switching providers, because she'd called to check the ERC. And she didn't think the options Halifax gave were appropriate, she said her lawyers had advised her not to do what Halifax suggested. She didn't want to go against the legal advice she had been given.

Mrs H said she didn't realise she needed to challenge things to get the best rate, and she didn't think that sounded like a fair outcome for customers.

Mrs H was very unhappy with how she'd been treated, and didn't think it was good enough to say that this was just "the process".

Our investigator said he'd listened to the call where Mrs H had queried the ERC, and he said that wouldn't have prevented Halifax from asking for payment for April. He understood the increased amount was a shock, but Halifax hadn't done anything wrong.

Our investigator said although Halifax's redemption statement says Mr and Mrs H should leave the direct debit or standing order in place, the statement also says that only applies until the account was repaid. So once it was repaid on 2 April, Mr and Mrs H's solicitor could have confirmed that it would be okay not to pay the direct debit, as Halifax had suggested.

Because no agreement was reached, this case then came to me for a final decision. And I then reached my provisional decision on this case.

### **My provisional decision**

I issued a provisional decision on this complaint and explained why I did not propose to uphold it. This is what I said then:

Mrs H has referred to the Consumer Duty in her complaint, and questioned whether Halifax has acted in line with its requirements here. The Duty is a relevant consideration so I have taken it into account. But for the reasons set out below, I'm satisfied Halifax has acted fairly and reasonably in this case.

I should start by saying I've seen the mortgage offer from 2022, which shows Mr and Mrs H's rate was fixed until 31 March 2024. And Halifax has shown us it issued a letter on 1 March 2024 reminding Mr and Mrs H of this upcoming change, and telling them how much their new direct debit payment would be. So I do think that, when it asked for a higher payment of over £4,000 at the start of April 2024, Halifax was acting in line with Mr and Mrs H's mortgage agreement, and had appropriately forewarned them of the larger payment.

When someone plans to remortgage away, all Halifax does is issue a redemption statement. Halifax is right to say that these are requested all the time, for a number of reasons. Individuals sometimes ask for them to see how much remains on the mortgage, and solicitors also ask for them when someone is in the early stages of selling their home. It doesn't mean a remortgage is always imminent. So I don't think Halifax should have assumed that Mr and Mrs H would remortgage, or should have stopped the direct debit, because of this request.

I understand Mr and Mrs H expected that their new lender would liaise with the old lender, to hand over their mortgage. So they thought Halifax should have been aware that it wouldn't need to take the payment due in early April. But Halifax has explained that isn't how a remortgage works, and it's right about that. Mr and Mrs H got confirmation that their remortgage would go ahead from their new lender, but Halifax doesn't receive the same confirmation.

Even if Mr and Mrs H had very clearly told Halifax they intended to remortgage elsewhere, Halifax doesn't know until the payment is actually received, whether a remortgage is going ahead or not. So cancelling the direct debit for April would have risked Mr and Mrs H missing a mortgage payment, through no fault of their own, if the remortgage didn't go ahead.

I realise that this payment request came at a very difficult time for Mr and Mrs H, but I don't think Halifax made a mistake because it didn't cancel the April 2024 direct debit request for Mr and Mrs H.

But when Mrs H rang Halifax to object, it did give her options. I know she didn't want to pursue these, because she said she'd been advised not to cancel her direct debit by her lawyers. But I think here, the options Halifax gave her were helpful, and could have been followed. The agent had flagged that the call was recorded, so he wouldn't misadvise Mrs H, and he did then reassure Mrs H that if she did follow his advice, any non-payment would not affect her credit file.

I would have expected Mr and Mrs H's solicitors to be able to confirm to them whether the mortgage had been fully repaid, and also whether Halifax was expecting Mr and Mrs H to make their payment on 2 April, which it appears Halifax wasn't expecting if the redemption amount was paid. Halifax has shown us that its redemption statements do set this information out.

So I don't think Mr and Mrs H had to make their monthly payment to Halifax on 2 April 2024.

Whilst Mr and Mrs H may well have worried about this up to and on 2 April, I would also note that the direct debit payment wasn't actually taken.

Mr and Mrs H also said they were disturbed to hear that Halifax treats new customers more favourably than renewing customers. But Halifax says it doesn't seek to disadvantage any particular group of customers. It says that products are priced according to the time they are launched.

As Mr and Mrs H didn't apply to Halifax for a new rate or enter into any meaningful discussions about their options, I don't know what those options may have been – or what rate they would've ended up taking – had they not remortgaged elsewhere. It follows that I can't say they've been treated unfairly or lost out financially in terms of the rates available to them. In general terms, prices can sometimes legitimately differ for existing and new customers, for instance if rates are set at different times in a volatile market. So I wouldn't be able to assume that any difference was automatically unfair, or uphold this element of Mr and Mrs H's complaint, on that basis alone.

Similarly, Mr and Mrs H say that their property was undervalued by Halifax. Halifax says it has a way of appealing against this valuation for customers who think their property is worth more than Halifax's system first suggests. Mr and Mrs H didn't go through this appeals system, so we don't know whether this would have led to a different valuation. The evidence doesn't suggest to me that Halifax acted unfairly in how it valued Mr and Mrs H's property.

I know that Mr and Mrs H had a stressful experience, and I don't wish to downplay that. But I do think that Halifax provided helpful suggestions to them when they contacted it about the upcoming payment they would have difficulty with. And I don't think it's Halifax's fault that they preferred not to pursue this. I've also explained the limitations on what our service can consider. So, although I understand that Mr and Mrs H are likely to be disappointed, I don't think this complaint should be upheld.

I invited the parties to make any final points, if they wanted, before issuing my 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.

Bank of Scotland said it had nothing to add to my provisional decision. Mr and Mrs H didn't reply.

Neither side has offered any further evidence or argument, and I haven't changed my mind. I'll now make the decision I originally proposed.

**My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 8 January 2025.

Esther Absalom-Gough  
**Ombudsman**