

## **The complaint**

Mr S complains that Bank of Scotland plc trading as Halifax gave him false and misleading information about his mortgage and credit balance. He said he had to go through a lengthy process to raise a complaint which wasn't handled professionally. He says this has caused him a great deal of stress and frustration.

## **What happened**

In February 2020, Mr S took out this mortgage with Halifax for £202,300. It was taken over a term of 30 years on a repayment basis on an initial interest rate of 1.86% fixed until 31 March 2023.

In March 2022, Mr S made an overpayment of £2,200 towards this mortgage. And in March 2023, Mr S completed a product transfer to secure a new interest rate on his mortgage. He took out a fixed rate of 4.58% until 31 July 2025.

Mr S called Halifax on 6 April 2024 to discuss his options as he explained that he had moved out of the property, but he was still paying the mortgage. He said he may struggle to maintain the mortgage payments going forwards because he was now living elsewhere.

Mr S was told by Halifax's agent that he had a credit on his account of £2,200 which he could use if he missed two monthly payments, without falling into arrears.

On 18 April 2024, Mr S contacted Halifax as he wanted to use this credit towards his monthly payment, but he was told that as he completed a product transfer in March 2023, the overpayment he had made had already been taken into account when calculating the new monthly payment – so it could no longer be used.

Mr S raised a complaint about this as he was told that he had the amount of £2,200 available to use. Halifax issued their final response on the matter on 1 May 2024 and they didn't uphold the complaint.

On 3 June 2024, Mr S contacted Halifax again for an update to his complaint. He was told that Halifax had already issued their response on the matter, but Mr S said he didn't receive it.

Halifax then issued a further final response letter dated 7 June 2024 in relation to the long wait time that Mr S experienced when he called for an update about the previous complaint. Halifax apologised and paid Mr S £25 in recognition of this.

Mr S said he still hadn't received Halifax's final response letter dated 1 May 2024 so he called them again on 15 June 2024. He said he had to repeat himself several times so Halifax issued another final response letter for this and paid Mr S an additional £40 for the poor service.

On 18 June 2024, Mr S spoke with Halifax again and they told him they would email him a copy of the final response letter from 1 May 2024, but they didn't do this. They issued a further final response in relation to this dated 8 July 2024 and paid Mr S a further £25 for the poor service.

Mr S then made a Data Subject Access Request (DSAR). When he received the information, he was unable to open the attachment on the email they sent him. Halifax issued a final

response letter about this dated 24 September 2024. They apologised about this and resent the DSAR to Mr S and he was then able to access the information sent to him.

Mr S brought his complaint to the Financial Ombudsman Service where it was looked at by one of our investigators who upheld the complaint. She said that Halifax gave Mr S incorrect information regarding the £2,200 overpayment when he called on 6 April 2024 and only told him the right information when he called on 18 April 2024. She thought that Halifax should pay Mr S £100 for the loss of expectation surrounding this. She also acknowledged that the service that Mr S received by Halifax could have been better, but she thought the payments totalling £90 that had already been offered was fair. So she thought a total of £190 was fair and reasonable in the circumstances of the complaint.

Mr S didn't agree with the investigator and said that he was very distressed with the entire process and felt that £1,000 minimum should be awarded to him for the inconvenience caused. Our investigator didn't change her mind on the matter. Mr S then said he would accept £700 but the investigator explained that the £190 in total was fair and reasonable.

As Mr S didn't agree with this, he asked for the complaint to be reviewed by an Ombudsman, so it's been passed to me to decide.

### **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 firstly listened to the telephone call that Mr S had with Halifax on 6 April 2024 and there is no doubt here that he was given incorrect information. He was told that he had a credit balance on his mortgage of £2,200 that he could use if he wanted to miss one or two monthly mortgage payments.

Halifax said that when Mr S switched his interest rate in March 2023, his mortgage had been recalculated at that point in order to work out the new monthly payment, so he was no longer able to utilise that overpayment.

Having reviewed the mortgage offer from March 2023, under section 9 flexible features and proceeding to the underpayments section it says:

*'You may miss or reduce your monthly payments provided that you have previously made extra payments (overpayments). The total amount of underpayment(s) must not be more than the previous overpayments. Whenever your monthly mortgage payments are recalculated, any overpayments you have made are used to reduce what you owe; once this has been done, you will need to start building up new overpayments before you will be able to underpay again.'*

The letter that accompanied the mortgage offer also said the following:

*'We have recalculated your new monthly payments. So if you had an arrangement to underpay or overpay, we have now cancelled it. This means your new monthly payment does not include the amount to be underpaid or overpaid. If you would like to set up another arrangement, please contact us'*

Based on this, I think the overpayment that Mr S made in March 2022 of £2,200 has been applied correctly and the mortgage offer from March 2023 says how the recalculation will work. The letter that was also sent in March 2023 clearly explains to Mr S that the monthly payments have been recalculated and the overpayment has been cancelled.

The issue here, is that Mr S was told after this that he could use the overpayment amount when he clearly wasn't able to. And Halifax have told us that it appears that the overpayment amount was still showing even though it had been recalculated.

Mr S was given the right information when he switched his interest rate in March 2023 but was subsequently given incorrect information on 6 April 2024. He was given correct information around twelve days later. So I think there is an element of loss of expectation here as he thought he could use the overpayment towards his monthly payments. Had Mr S of been given the correct information on 6 April 2024, he still wouldn't have been able to use that overpayment reserve. As this error only impacted Mr S' expectations by under two weeks, I think that the amount that the investigator recommended of £100 is fair and reasonable in the circumstances of this complaint.

I've also considered the issues that Mr S said he had in relation to the service he received from Halifax. He said he contacted Halifax on 3 June 2024 about his complaint and told them he hadn't received the final response letter dated 1 May 2024. This letter was correctly addressed and from what I can see, it was sent to Mr S. So I can't hold Halifax responsible for the fact it may not have been received.

However, Mr S called Halifax a few times and did explain to them that he hadn't received it and I think they could have resent it sooner. Halifax acknowledged this and also the fact that Mr S had to keep repeating the issue to them in order to find out what was happening. I think the total amount that Halifax have offered of £90 is fair in these circumstances as Mr S shouldn't have had to contact Halifax to try and find out what was happening.

With regards to the DSAR, I appreciate it would have been frustrating for Mr S to not be able to open the attachment that Halifax had sent him. But once he informed them of this, they resent it again and he was able to access the information sent to him. We would expect a business to resend information if a consumer had difficulty opening it or reading the contents so I'm pleased that Halifax have done what we would expect here.

Mr S isn't happy with how Halifax has dealt with the service issues and wants this addressed. Our role here is not to punish a business when mistakes are made. Instead we look at the impact of any errors and ensure that a business has done enough to put things right. And in this instance, I think Halifax did enough for the service side of things.

I note that Mr S would like more compensation for the distress and inconvenience caused, but as I've explained, I think the amount that Halifax have offered plus an additional £100 is fair for the circumstances of this complaint.

I understand that Mr S will be disappointed with my decision but I won't be asking Halifax to pay anymore than that.

## **My final decision**

My final decision is that I uphold this complaint and direct Bank of Scotland plc trading as Halifax to:

- Pay Mr S an additional £100 for the distress and inconvenience caused. If they haven't already paid the £90 they offered to him previously, they should also do this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 March 2025.

Maria Drury  
**Ombudsman**