

## **The complaint**

Mrs B complains that Bank of Scotland, trading as Halifax (“Halifax”) gave her incorrect information about how the Mortgage Charter could help her manage her mortgage.

## **What happened**

Mrs B took out a 17-year interest only mortgage with Halifax in 2009 with the help of a broker. She borrowed £202,500 plus fees.

In 2010 Mrs B borrowed an additional £17,000 on a repayment basis.

By the end of December 2023 Mrs B owed Halifax around £206,000. Most of that money was repayable on an interest only basis. At that time the vast majority of her mortgage was on a 1.54% interest rate that was fixed until 31 January 2024.

In 2023 Mrs B had a number of conversations with Halifax about her mortgage. Mrs B was looking for support from Halifax at that time. In August 2023 she told it she was conscious that her mortgage was ending in two years, and she was worried her mortgage repayments would be unaffordable when her fixed rate product ended at the end of January 2024. She was thinking about selling her property, but didn’t want to immediately because of housing market conditions at the time.

After a discussion about a range of options, Mrs B asked Halifax about the Mortgage Charter (the “Charter”) that had been introduced in July 2023. The Charter was a UK government scheme that was aimed at borrowers in financial difficulty because of the cost-of-living crisis.

On 2 August 2023 Mrs S was told a number of times that Halifax adviser couldn’t give advice about the Charter. She was also told the Charter would only be of limited use because most of Mrs B’s mortgage was already on interest only terms. However an adviser went on to say that their understanding was that by going on the Charter Mrs B could effectively extend the fixed interest rate on her mortgage for an additional six months.

On 4 August 2024, the same Halifax advisor spoke to Mrs B again. The adviser clarified what she’d previously told Mrs B. She said Mrs B’s interest rate would still change on 1 February 2024 (when her fixed rate product ended) when her fixed rate ended, but her monthly payments wouldn’t change while on the interest only concession. And, when the concession ended Mrs B’s payments would be recalculated.

It appears that Mrs B remained confused about how the Charter worked. Mrs B told us that Halifax’s explanations of the Charter were difficult to understand and suggested that the advisers hadn’t had much training on it. She felt she’d been mis-advised about the Charter and her ability to change her interest rate product while she was on it. She said that caused her a lot of stress and financial detriment: as a result of the conversations she’d had with Halifax she believed her mortgage was on a fixed interest rate of 1.54% until 31 July 2024. So, she didn’t take any further action. But that wasn’t the case. Under the Charter borrowers were able to switch to interest only mortgage payments for six months without their credit files being affected. There was nothing in the Charter that allowed a borrower to extend their fixed interest rate product.

Mrs B said that if she'd been given correct advice, she would have made different choices in 2023. She would have considered putting her house on the market and getting a lodger to bring more money in – something she didn't think she needed to do at the time.

Halifax said it didn't do anything wrong. It said it was clear that the Charter process was non-advised, and that Mrs B should look at its website where the Charter terms were clearly set out.

Our investigator looked into what happened. He accepted that Halifax was clear that the Charter process was non-advised, and that the terms were set out on its website. However, he said that Mrs B spoke to Halifax on the phone on more than one occasion about the Charter, so he would expect the information it gave her to be clear, fair and not misleading. He didn't think that happened in this case, and that having listened to the relevant phone calls he was satisfied that Mrs B didn't understand how the Charter worked. He thought Halifax should have done more to inform Mrs B about it.

Mrs B didn't make an online application for the Charter until the beginning of December 2024. The application was accepted, and Mrs B's monthly mortgage payments were set at £264.24 each month for the January to June 2024 period. Her monthly payments under the Charter were based on the interest rate her mortgage was on when she applied for the Charter in December 2023 – 1.54%. Halifax says it wrote to Mrs B in January 2024 to say that her 1.54% interest rate product expired on January 31 2024. Mrs B spoke to Halifax about this, and it appears that it was at this time she realised that although she was making use of the Charter, the interest rate on her mortgage would increase. Mrs B went on to accept a 4.59% interest rate product that was applied to the mortgage from 1 March 2024.

For completeness I'll say here that the interest rate applicable for February 2024 was based on a rate of 8.74% but Mrs B raised a separate complaint through her broker and the interest rate for that month was lowered. Mrs B didn't complain to the Financial Ombudsman Service about that.

Our investigator said that Halifax's mistakes meant that Mrs B lost the opportunity to explore other options around August 2023, but overall he didn't think that Mrs B would have acted differently if she'd been given better information about the Charter. He wasn't persuaded that Mrs B would have acted to take in a lodger or sell her house around that time if she'd been given the right information about the Charter. He also said that it was always open to Mrs B to take in a lodger subject to Halifax's consent - but she never asked Halifax for that consent. Overall he said Halifax should pay Mrs B £200 compensation for what happened.

Mrs B didn't think that was enough. She said she would have let a family friend live with her as a lodger and contribute towards her costs if she been given better information from Halifax about the Charter and the impact it would have on her. So she asked for an ombudsman to review her complaint.

Halifax appears to have accepted what our investigator said in his view. When it responded to that it said it had nothing further to add.

In the circumstances, this complaint has been passed on to me to consider.

### **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.

Having done so, I've reached the same conclusion as our investigator. I'll explain why.

I've considered the phone calls Mrs B had with Halifax about this matter. I've satisfied that Halifax told Mrs B on 2 August 2023 that by going on the Charter Mrs B could effectively extend the fixed interest rate product on her mortgage for an additional six months. The adviser broadly put matters right on 4 August 2023 when she said that if Mrs B went on the Charter her interest rate would still change on 1 February 2024 (when her fixed rate product ended), but her monthly payments wouldn't change while she was on the Charter.

However, I don't think the Halifax adviser did enough to make it clear to Mrs B that any extra interest she would be charged during the Charter period (as a result of the interest rate on her mortgage increasing after her 1.54% fixed interest rate product ended but her payments not changing) would still be added to her mortgage at that time. The Halifax advisor told Mrs B that the Charter would still "be in the background" after her 1.54% interest rate product expired but she didn't explain why. She didn't go onto what that meant for Mrs B. It seems from what Mrs B said that she thought the interest rate on her mortgage would change on paper, but not in practice.

So I understand why Mrs B was confused and frustrated by what happened.

The Charter had only been introduced at the end of June 2023, so it was new at the time of the August 2023 phone calls. However, Mrs B had asked Halifax about it specifically, so I think she could reasonably expect Halifax to give her clear, fair and non-misleading information about it while she considered her options.

Mrs B has told us that if she'd been given correct information in 2023 she would have made different choices at the time – she says she would have sold her property or taken in a lodger.

I appreciate that in hindsight Mrs B feels she would have acted differently if Halifax had given her better information in 2023, but having considered all the available information I'm not persuaded by that.

I say that because:

- It's clear that when Mrs B spoke to Halifax in August 2023 she was already questioning how she was going to pay for her mortgage after her fixed interest rate product expired at the end of January 2024. She told Halifax she wouldn't be able to afford her repayments then, and that she was seriously considering how she could plan around that.
- It's clear that she didn't want to sell her property at that time given current market conditions. She told Halifax about the difficulties a neighbour had had selling their property and how that had put her off putting her property on the market.
- So, I don't think Mrs B would have acted to sell her property if she'd been given better information from Halifax in 2023. I'm satisfied she wanted to consider options that would allow her to keep her repayments as low as possible for as long as possible without her credit file being affected. Mrs B told Halifax this.
- Mrs B knew her options were limited at the time. She asked if she could extend the term of her mortgage, but she was told she'd need a repayment vehicle for that, and she couldn't extend the interest only portion of her mortgage. Mrs B also knew (Halifax told her) that most of her mortgage was already on interest only terms.
- So Mrs B wasn't able to keep her monthly mortgage payments low and ensure that the balance of her mortgage didn't increase.

- Mrs B has told us she would have taken a lodger in 2023 if she'd known that she couldn't use the Charter to effectively extend her 1.54% fixed interest rate product for another six months, but she didn't do so because she thought she could use the Charter to do that. Mrs B said the last thing she wanted to do was increase the balance of her mortgage at that time. She said a friend was looking for short term lodgings and was willing to pay her £650 each month.
- If Mrs B had such an opportunity at the time, I think it's surprising that she didn't decide to take it given her limited options. Even if she genuinely thought the Charter would have effectively allowed her to extend her 1.54% fixed interest rate product for another six months (something that Halifax had said wasn't the case by 4 August 2023), she knew that was only a short term fix to the problem of how she was going to be able to afford her mortgage in an environment where interest rates were much higher than they had been, she didn't want to sell her property, and where she was unable to extend the term of her mortgage.
- So, I don't think it's fair to say that Halifax was responsible for Mrs B not taking in a lodger in 2023.
- Overall, while I think Halifax could have done more to explain the Charter to Mrs B, I don't think it's fair to say that it should reimburse her for the losses she says she incurred from not taking a lodger in 2023.

I appreciate that Mrs B is likely to be disappointed by this decision, but overall I think the £200 compensation our investigator recommended Halifax pay Mrs B to put matters right is a fair and reasonable amount to resolve this complaint. It reflects the fact that Halifax's service could have been better and caused Mrs B some frustration and inconvenience. However I don't think it's fair to say that it should be held responsible for Mrs B not taking in a lodger or deciding to sell her property in 2023.

### **Putting things right**

To put matters right Halifax should pay Mrs B £200 compensation to resolve this complaint.

### **My final decision**

For the reasons set out above, my final decision is that Bank of Scotland, trading as Halifax should pay Mrs B £200 to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 12 June 2025.

Laura Forster  
**Ombudsman**