DRN-5451244

The complaint

Ms C complains that Bank of Scotland plc trading as Halifax (Halifax) gave her incorrect information in relation to the amount of overpayments on her mortgage account which were available to her as advances if she wanted to underpay in future.

What happened

On 16 November 2024, Ms C contacted Halifax for advice regarding her mortgage. She had separated from the joint mortgage holder who had threatened to stop contributing to the mortgage payments and she wanted to know her options.

Ms C says that two calls were disconnected and then she was advised by Halifax that there was over £3,000 which had accumulated on the account from previous overpayments and could be used as advances if she wanted to underpay the mortgage in future. However, when Ms C contacted Halifax again on 29 November 2024, she was told that the available advances were only around £400.

Ms C is therefore unhappy that the information she was given was inaccurate and that this was only discovered when she called to check on a payment two weeks later. She says that based on the initial advice she received, she refused the joint owner entry to the property, which resulted in the police being called and her being arrested. As a result of this, she says that she is now expecting the contributions from the joint owner to stop.

Ms C also made a data subject access request (DSAR) asking for copies of all of the calls between herself and Halifax from 16 November 2024 onwards but says that she didn't receive a response to this.

Ms C would like Halifax to stand by what it told her in the call of 16 November 2024 so that her credit score is not affected due to the potential consequences of her actions following being given the incorrect information.

Halifax accepted that the agent Ms C initially spoke to on 16 November 2024 could have asked her more questions to get a better understanding of her situation and said that it was not appropriate to arrange for Ms C to speak a mortgage adviser in this instance. It apologised for any upset or inconvenience caused by the first call being disconnected and for the frustration caused by a further call being disconnected when Ms C called back.

Halifax also accepted that Ms C was given incorrect information when she spoke to another agent later that day. The agent told her that over £3,000 had accumulated, which was equivalent to seven or eight monthly payments. However, the agent had failed to recognise that a recalculation of Ms C's contractual monthly payment (CMP) in June 2024 had used up these advances, which meant that they were no longer available. This issue was only identified during a further call on 29 November 2024.

Halifax recognised that the service Ms C had received fell short of its usual standards and apologised. It set out that the option to use the £3,000 advances was never available so – as this had now been clarified – Ms C was now in the same position that she would have been in had she been advised correctly at the outset. However, it recognised that the incorrect information had raised Ms C's expectations. Halifax offered to pay Ms C £150 for the poor service that she had received and the distress and inconvenience caused.

Our Investigator looked into Ms C's complaint and did not think that Halifax had acted fairly. Halifax had acknowledged that it provided poor service and that the information provided to Ms C on 16 November 2024 was incorrect. Therefore, the Investigator considered whether its offer was fair and reasonable. She did not think that the offer fully addressed the distress and inconvenience experienced by Ms C during the period of the calls, in terms of the loss of expectation when the information proved to Ms C gave her peace of mind at a difficult time. The information was then confirmed to be incorrect, which caused Ms C a high level of stress. Additionally, Ms C had to make multiple calls and received a poor level of service. The Investigator therefore recommended that Halifax increase its offer of compensation to £250.

Halifax agreed to increase the redress it paid to Ms C to £250. However, Ms C didn't agree with this, so the case has come to me to make a decision. She says that she does not want the compensation, but would like Halifax to honour the information it provided to her in error.

I note that Ms C has made a further complaint in relation to Halifax sending letters to her address when she asked it not to. She also recently raised another concern in respect of adjustments made to her mortgage account in June 2018. As set out by the Investigator, these are separate complaints to the one this Service has been looking into in this case and Halifax will need an opportunity to investigate these issues before this Service can look into them. I will not therefore be responding to these other complaint points in this decision. Once Halifax has looked into these points – and if Ms C disagrees with the outcome it reaches – then this Service will be able to look into them at that stage.

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 looked at the evidence, I agree with the Investigator's view for broadly the same reasons. I've explained my reasons further below.

Halifax has accepted that it did something wrong in this case, so it is not necessary for me to make a finding on this. I will simply be considering whether Halifax has done enough to put things right.

I understand that Ms C has concerns about whether the account was recalculated and the fact that Halifax did so without telling her, so I would like to address this first.

I have looked at Ms C's original mortgage offer from June 2015. This sets out information regarding underpayments in section 12 and states:

> "You may pay less than the normal monthly payment for one or more months or miss one or more monthly payments (make underpayments), provided you have previously made overpayments and the amount of the underpayments does not exceed the amount of your previous overpayments less any amount you have previously underpaid. You must give notice of the months in which you wish to underpay.
>
> Where your monthly payment and/or your mortgage term are changed (for example, following an interest rate change) and the change takes any previous overpayments into account, then those overpayments will no longer be available for the purpose of making underpayments."

Likewise, Ms C's mortgage product transfer offer from March 2023 explains this in similar terms in section 8, stating:

> "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 mortgage terms and conditions also set out that Halifax can change the monthly payments in certain circumstances, one of which being that the customer has made an overpayment. The terms state that Halifax will give the customer notice when it changes their monthly payments.

The annual mortgage statement sent to Ms C on 2 June 2024 states at the top:

> "We've done a check on your mortgage and from July your monthly payment will change to £394.58 - you can see a breakdown of your monthly payment on the following page. Please see the 'Questions you may have about your statement' for more about this extra check."

Further down the statement (and on the previous year's statement which I have also seen), under the heading "If you make overpayments so that you can later underpay", it states:

> "When we recalculate monthly payments, we use any overpayments you've made to reduce what you owe to give you a lower monthly payment. So you can only underpay against them until we next recalculate your monthly payment."

In light of the above, I am satisfied that Halifax was entitled to periodically recalculate Ms C's CMP taking the overpayments into account, and that it had done so prior to Ms C's call in November 2024 resulting in the change which took effect on 1 July 2024. In line with the terms and conditions of the mortgage, this meant that any overpayments prior to this recalculation were not available to be used against any underpayments going forward.

I have listened to all of the calls provided by Ms C between herself and Halifax, as well as the calls between her and this Service.

During the first call on 16 November 2024, Ms C explained to the agent that she wanted to know her options. She was concerned as her ex-partner was threatening not to pay the mortgage and she was not working. There was a discussion about some further work on the property being required otherwise it would be difficult to sell. The first agent advised that both parties were responsible for the mortgage and suggested that it would be beneficial for Ms C to speak to a mortgage adviser. He then transferred the call to a second agent.

During the handover it was clear that the first agent hadn't really go to grips with the reason for Ms C's call. So I think he could have taken more information as to what the issue was in relation to not being able to afford the mortgage on her own if her ex-partner didn't pay.

Once Ms C was transferred, the second agent was able to establish the reason for Ms C's call. Ms C explained that she was not working and panicking in case her ex-partner did not pay the mortgage as she was jointly liable, and she wanted to know the options available to her if this happened. She asked the agent to confirm whether a missed payment would affect both of their credit scores. The agent said that she wouldn't know what would happen and started to explain the process if the account fell into arrears. However, Ms C became frustrated and asked for someone to call her back. The agent tried to explain the process for booking an appointment for a call back but Ms C interrupted and would not allow her to do so. It then appears that the agent discontinued the call, asking Ms C to call back later. Whilst this was unprofessional, I can see that the call had become unproductive as the agent was trying to provide information but was unable to as Ms C would not allow her to continue.

I can see that Ms C called back to make a DSAR for the previous call and got cut off. The call only lasted 33 seconds and it is unclear why this was disconnected but it did not appear to be a deliberate action by either party.

Ms C called back later in the day and was put through to an agent who told her that the account was over £3,000 in advance due to overpayments, which meant that if she couldn't make a payment or needed to make underpayment, this wouldn't cause arrears and would just reduce the overpayment down. He explained that this was the equivalent of seven full months' CMP and part of an eighth month. The agent also said that this could be longer if used in conjunction with the Mortgage Charter interest-only period for six months, and explained this option. I note that the agent during this call also explained that the advance balance could be recalculated on occasion to bring down CMP.

Unfortunately, the agent who advised Ms C that there were £3,000 of advances had taken the information from the transactions report, but had not checked another screen to see if there had been any recalculations taking the previous overpayments into account. This meant that the £3,000 figure that Ms C was given was an accumulation of any overpayments since the mortgage began. Therefore, Halifax has confirmed that this figure should not have been used by the agent when advising Ms C about whether (and how much) she could underpay. Only the overpayments since July 2024 would have been available to be used against an underpayment.

I have also listened to the call from 29 November 2024, when Ms C called to query some payments which had been made to the mortgage account. It was then that the agent explained that the account had been recalculated in July and that there was around £427 of advances which could be used against any underpayment. Ms C explained that she had spoken to someone on 16 November and had been told she had £3,000 of advances. The agent told her that this wasn't correct and that Ms C had been misinformed.

As set out above, Halifax has accepted that Ms C was provided with incorrect information and poor service. I have gone on to consider whether Halifax's offer for the distress and inconvenience caused is reasonable.

I can appreciate why Ms C was distressed when she found out that the information she had previously been given was incorrect. She had been proactive in contacting Halifax as she was not working at the time and was concerned about falling behind on the mortgage payment, which could negatively affect her credit file. So I understand why Ms C was reassured by the information given as she thought she had a buffer if she was unable to make payments for a while. So the fact that this was not correct meant that she had a loss of expectation, which caused her distress.

Ms C also suffered some inconvenience due to the poor service she received. Some calls were disconnected which meant that she had to keep calling back. I can also see that she made numerous calls in respect of the DSAR and obtaining copies of the calls. I understand that Ms C has now got the calls and that the reason she wanted these was to send them to this Service, so this resulted in a delay in being able to send them this Service.

I understand Ms C's concerns that the joint account holder may stop contributing to the mortgage, particularly after she refused him entry to the property, and that this may impact her credit file. I appreciate that Ms C says that she did this based on the incorrect information she was given by Halifax. However, I cannot hold Halifax responsible for Ms C's actions in this regard. I also note that the mortgage payments have been maintained and that there has therefore been no impact to Ms C's credit file.

In light of the above, I am satisfied that the recommendation made by the Investigator is fair in the circumstances of this case. The situation Ms C was in was stressful and I think £250 is fair is to recognise the additional distress and inconvenience which Halifax's error added to that. So I will be asking Halifax to increase its offer from £150 to £250.

I understand that Ms C would like Halifax to honour the information it provided to her in error and allow her to use the £3,000 as a buffer in case of future underpayments. She says that this would not cost Halifax anything.

I should say that the purpose of this Service is not to punish a business for something it has got wrong. Where a business has got something wrong, this Service would ask it to put a customer back in the same position they would have been in had the mistake not happened. What ought to have happened in this case is that Ms C was given the correct information about the £427 advance balance in the first place. She is now aware of this, so the mistake has been corrected. I appreciate that this has caused distress and inconvenience to Ms C, which is why I have asked Halifax to compensate her for this. Therefore – whilst I know this will come as a disappointment to Ms C – I will not be asking Halifax to honour the incorrect information it provided.

Putting things right

For the reasons set out above, I uphold this complaint and require Halifax to:

- Pay Ms C £250 in respect of the distress and inconvenience caused (including the £150 already offered by Halifax if this has already been paid).

My final decision

For the reasons I've explained above, I uphold this complaint against Bank of Scotland plc trading as Halifax and require it to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 2 October 2025.

Rachel Ellis
Ombudsman