DRN-5573328

The complaint

Mr M complains that Bank of Scotland plc trading as Halifax wouldn't allow him to port a mortgage previously held jointly, into his sole name and to a different property. Mr M says he was forced to pay an Early Repayment Charge, and higher interest, for lending elsewhere.

What happened

Mr M's previous mortgage was in joint names, but this complaint is about his application to move that lending into his sole name, so our service has considered this complaint from him alone.

Mr M said he'd divorced the other party named on his previous mortgage with Halifax. He said he'd asked Halifax to move the mortgage into his sole name, and onto a different property. Mr M wanted to move house and to downsize.

Mr M asked Halifax about this lending, and he said it provided an Agreement In Principle ("AIP") which said he could move his mortgage to another property. But then when he made his application, Halifax wouldn't let him take his existing lending to a new property, because it had concerns about affordability. Mr M didn't think that could be true, because he said he'd been paying the mortgage by himself for some time. Mr M also said that his overtime income hadn't been taken into account, and he said Halifax should be able to see that he'd been earning around the same for many years now.

Mr M said because of Halifax's decision, he'd had to redeem the borrowing with Halifax, and pay an Early Repayment Charge, then take out lending at a higher interest rate elsewhere. He said that was costing him about £10,000 more, and he wanted Halifax to pay that.

Halifax said that an AIP doesn't involve the same sort of detailed assessment of income and expenditure that is involved when someone makes a full mortgage application, and an AIP isn't a guarantee of lending. So when Mr M made his full application, Halifax had looked carefully at Mr M's lending request, and had to turn it down because he didn't meet Halifax's affordability requirements.

Halifax said that given the much higher loan to value that Mr M was seeking, it had to take all his commitments into account. And it said it wasn't able to take absolutely all of his income into account. Some wasn't guaranteed to continue. Halifax wanted to stress that the decision was based on responsible lending practices and protecting both Mr M and the bank from potential financial difficulties.

Our investigator didn't think this complaint should be upheld. He said we couldn't give Mr M the figures that Halifax had used, but we could check whether Halifax had applied its criteria fairly. And he thought it had. He said he was able to tell Mr M that not all of his income had been counted towards his application. And that meant when the underwriter reviewed the information available, Mr M didn't meet the affordability criteria.

Our investigator said the underwriter had looked at different approaches to Mr M's lending, including if the loan to value ("LTV") was lower, but it still didn't seem to be affordable. Our investigator said the lending Mr M wanted was outside of Halifax's risk appetite based on affordability. Buit he did think Halifax had given Mr M's application fair and full consideration and had declined the application fairly and in line with its lending criteria.

Mr M didn't agree, he said it was very clear that the income he'd shown for the last five years would be enough to pay the monthly payments he had been meeting. Mr M wanted his complaint to be considered by an ombudsman, so it was passed to me for a 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.

I've reached the same overall conclusion on this complaint as our investigator.

I'd like to start by saying that I do understand Mr M's frustrations here. He thinks Halifax ought to be satisfied that he can afford this mortgage without the other borrower, because he said he had been affording it by himself for quite some time. However, Halifax has to assess not just whether Mr M can pay the mortgage now, but also the monthly payment that he may be asked for in future.

Mr M's mortgage with Halifax was divided into three sub-accounts, and two of those (making up most of the borrowing) were on fixed interest rates that Mr M may not be able to match once those rates end in 2026. So the fact that Mr M has been paying his mortgage to date, isn't enough for Halifax to be able to be sure he'll be able to manage in future.

Mr M wanted Halifax to take all of his income into account, but as our investigator set out, Halifax didn't count quite all of it for the purposes of this application. I don't think it's unfair or unreasonable for Halifax to say that it would count those where it felt Mr M could rely on those income streams, but not where it was concerned that Mr M wouldn't be able to rely on those income streams.

Mr M said he didn't think Halifax had taken his full contracted salary into account, but I can see it did take both his annual salary and his contracted overtime into consideration. However, Halifax didn't base its decision on Mr M being able to maintain all of his previous overtime income and to rely on the income he expected from his son living with him.

I'm also aware that the risk to Halifax was significantly different from the existing lending which Mr M says he was paying alone. Although I've no reason to doubt what Mr M says about having been meeting the mortgage payments by himself, a lender who offers a joint mortgage can always ask either of the borrowers to make the payments – and that's true whatever a divorce settlement might say about who's responsible for the payments. So here, we know that Mr M was proposing to move this lending into his sole name, and to secure it against a cheaper property. Those are significant changes for Halifax.

Different lenders may well take a different approach, and I understand that Mr M has since been able to secure the lending he wanted. But that also doesn't mean Halifax's decision was unreasonable or unfair.

Mr M said our service was biassed in favour of the bank, and he thought Halifax had only declined to lend because it could charge an ERC on redemption of his mortgage. Our investigator explained that our service is impartial. So we aren't consumer champions. But equally, it's no part of my role to defend Halifax to Mr M. I look at all the evidence, and reach a decision based on what's fair and reasonable in all the circumstances of the case.

Here, I've done that, and I do think it was fair and reasonable for Halifax to turn Mr M down for the lending he wanted. But there's absolutely nothing here to suggest to me that Halifax only turned down Mr M for this lending so that it could charge an ERC. I can see Halifax reviewed Mr M's lending request a number of times, and I'm satisfied that it did turn down this request for the reasons it gave – Mr M just didn't meet Halifax's affordability tests for the lending he wanted.

I know that Mr M will be disappointed by my decision, but I hope he'll be reassured that Halifax didn't turn him down for unfair reasons.

Given the conclusions I've reached here, Mr M's complaint won't be upheld.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 14 October 2025.

Esther Absalom-Gough
Ombudsman