

The complaint

Mr and Mrs C's complaint is about a mortgage they have with Bank of Scotland plc trading as Halifax. They have said they did not fully understand the mortgage and the amount that would need to be repaid when it was due to be repaid. In addition, they have said that they think Halifax should have kept in contact with them and offered them alternative options over the years.

What happened

In 2004 Mr and Mrs C took out a form of lifetime mortgage – a retirement interest-only mortgage - with Halifax. It advanced them £20,000 over a term to end when the property was sold. They paid the monthly interest that accrued on the mortgage balance, but no repayments to the capital were required. The mortgage offer issued at the time confirmed that Halifax had not recommended the mortgage to Mr and Mrs C.

In 2005 Mr and Mrs C varied the mortgage by adding a lifetime tracker interest rate product to it. This meant that interest would be charged at 0.95% above Bank of England base rate. At this time the mortgage balance was £20,162 and the monthly payments due were £91.41 at the then current rate of 5.45%.

In 2011 Mr and Mrs C borrowed a further £10,000. Again, the mortgage offer recorded that Halifax had not recommended that they take the further advance. The existing borrowing remained on the 0.95% tracker rate. The new borrowing was arranged with interest being charged at 4.49% above Bank of England base rate for three years, after which it would revert to Halifax's Homeowner Variable Rate.

Halifax's records record that Mr and Mrs C made enquiries about another further advance in 2016. However, by this time Halifax was no longer offering additional borrowing on this type of mortgage, but it explained that another lender in the same group might be able to and details were provided.

In 2022 when the interest rates rose, Mr and Mrs C called Halifax again as they were having difficulty making the monthly payments. They were told that Halifax would need to complete an income and expenditure exercise to see what it could do to help them. They were told what information would be needed for this and were given the direct telephone number for the relevant team, so they could call back when they'd collated the information. They didn't call back.

The only other contact Halifax had from Mr and Mrs C was in 2023 when they asked about changing the interest rate. They were told that it could not be done with Halifax, but it could look at switching the lending to another lender in the same group, which could provide a new interest rate product. Halifax sent Mr and Mrs C information about this process, but they decided not to switch lender as they thought interest rates would decrease in the future.

In the summer of 2024 Mr and Mrs C asked Halifax to provide them with a copy of the documentation from when they took out the mortgage. Copies of the documentation Halifax had were sent, but they were not received. Halifax re-sent the information, but Mr and Mrs C

complained that the information had not been provided in a timely manner. Halifax responded on 23 September 2024. It confirmed that the documentation had been sent to Mr and Mrs C, and it apologised for any delay in it re-sending the documents when it had been told they had not been received.

Mr and Mrs C contacted Halifax on 28 October 2024. They said they wanted to complain about how the mortgage was completed and the fact that they'd been paying for so many years. Mr and Mrs C said they felt they had been penalised for releasing funds from their home and believed that Halifax should have contacted them to discuss alternatives. Halifax responded to the complaint in a letter of 3 December 2024. It confirmed that it had provided Mr and Mrs C with factual information, but it had not recommended the mortgage to them. Halifax also said that it had regularly contacted Mr and Mrs C to tell them about the status of the mortgage and it responded when Mr and Mrs C contacted it. The complaint was not upheld.

Mr and Mrs C were not satisfied with Halifax's response to the second complaint and referred it to this Service. They said to us that they had been advised to take the mortgage and were not informed that they needed to have funding in place to repay the borrowing. In addition, Mr and Mrs C were unhappy that they had paid more in interest than they borrowed.

One of our Investigators looked at the complaint and concluded that we could not consider the aspect relating to the sale of the mortgage or further advance in 2011. This was because he considered the complaint had been raised too late. In relation to Mr and Mrs C's concerns about the lack of contact and advice about alternatives being available, the Investigator explained that we could only consider this matter for the six years before the complaint was made. When he did so, he didn't recommend the complaint be upheld.

Mr and Mrs C didn't accept the Investigator's conclusions in relation to our jurisdiction or the merits of the part of the complaint that had been considered. They said that they considered the sale of the mortgage could be considered because Halifax had all the relevant documents. As such, it was decided that the complaint should be referred to an Ombudsman for consideration.

I issued a decision setting out our jurisdiction as it relates to this complaint. I concluded that the complaint about the sale/nature of the mortgage was not one we could consider. In addition, I explained that we were only able to look at Mr and Mrs C's concerns about the lack of contact about the options available to them from October 2018.

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.

In 2005 Mr and Mrs C attached an interest rate product to their mortgage. They did not ask for or receive advice when they did so. As such, I am satisfied that Mr and Mrs C were aware that they could change the interest rate product on their mortgage and that they didn't need Halifax to invite them to do so.

As our Investigator explained, lenders don't have to provide new interest rate products to borrowers. Even where they do make interest rate products available, we would not expect them to proactively approach a borrower about changing interest rate unless there was an upcoming change to the existing product. In this case the original balance was on a lifetime tracker product and the interest rate product on the further advance had expired in 2014, many years before the period I am able to consider. As such, I would not have expected

Halifax to have proactively approached Mr and Mrs C after October 2018 about changing the interest rate product on the first advance or adding one to the further advance.

By the time Mr and Mrs C contacted Halifax about the mortgage in 2022 when reasonably a new interest rate product might have helped them, or the following year specifically about that option, I would have expected it to discuss the options available. It seems that Halifax offered to look at what it could do to help in 2022, but Mr and Mrs C didn't pursue the discussions. In 2023 when Halifax explained how they could obtain a new interest rate product, Mr and Mrs C made a decision not to pursue the option, as they were not convinced a fixed interest rate product would be advantageous. I am satisfied that Halifax did what it should have done during this period.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs C to accept or reject my decision before 11 July 2025.

Derry Baxter
Ombudsman