DRN-5628441

The complaint

Mr M complains that Bank of Scotland plc, trading as Halifax, wouldn't allow him to apply online for a new interest rate product on his mortgage and instead required him to go through an advised application process.

What happened

In 2018 Mr M bought a property under a shared ownership scheme. He bought 50% of the property with a mortgage from Halifax and had a rental agreement running alongside it. The Halifax mortgage was on a two-year fixed interest rate.

In 2020 Mr M took a new fixed interest rate on the mortgage, which ended on 31 January 2024. The mortgage was then subject to Halifax's Homeowner Variable Rate (HVR). Halifax wrote to Mr M around a month before the fixed rate ended to remind him that the fixed rate was ending and to let him know what his monthly payments would be on its HVR.

Mr M tried to book a new interest rate product online but was unable to do so. Halifax told him that he would need to apply by phone, and the appointment would take around 90 minutes. It said this was necessary because Mr M had a shared ownership mortgage.

Mr M runs his own business and has also been busy with family responsibilities. He says he didn't have time to go through an application until more than a year later. He says Halifax then told him the application would take around two hours. He completed the advice call in February 2025 and says it involved repeating much of his original mortgage application and having to listen to unwanted sales pitches from Halifax.

Halifax issued a mortgage offer for a new fixed interest rate on 18 February 2025 and the rate took effect on Mr M's mortgage on 1 March 2025.

Mr M complained about the way Halifax had treated him and said that as a result of its processes he had been forced to pay a higher interest rate than necessary on his mortgage for over a year. Halifax said it had done nothing wrong and it required all borrowers with a shared ownership mortgage to receive mortgage advice so that it could discuss interest rate products with the appropriate loan to value (LTV), and this couldn't be done online.

Mr M asked the Financial Ombudsman Service to look into his complaint. Our Investigator didn't recommend that the complaint should be upheld. He concluded that Halifax was reasonable in requiring borrowers with shared ownership mortgages to go through an advice process and that the advice call wasn't unnecessarily long.

Mr M didn't accept that conclusion and asked for an Ombudsman's review. He still thought it was unreasonable that he had to go through such a long call to get a new deal, and said he was left with the impression that Halifax's main aim had been to sell him insurance.

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.

Halifax required borrowers with shared ownership and some other ‘non-standard’ mortgages to go through an advice process before they could take a new interest rate product. It didn’t charge any additional fees for this and it made the same rates available as those it offered online. So in telling Mr M he couldn’t switch rates online and he would need to take advice, it didn’t treat him any differently or less favourably than other customers with the same type of mortgage.

I’m satisfied that Halifax’s requirement for Mr M to take advice wasn’t arbitrary, nor was it unreasonable. There were two reasons for it: the LTV and the rental payments. Halifax has said that the LTV affects the products it can offer and changes to the rental payments affect the affordability of the mortgage. This is reflected in its policy for this type of mortgage.

A mortgage of £40,000 on a property with a value of £100,000 would ordinarily give an LTV of 40%. But if the customer’s equity share of the same property is 50% and they have a mortgage of £40,000, then Halifax treats their LTV as 80%. I think this is reasonable, and it will affect what interest rate products are available. As part of the advice process Halifax wanted to see a recent annual landlord rent review letter in order to satisfy itself that Mr M would be able to afford the monthly mortgage payments on a new fixed rate (which came with an early repayment charge if the mortgage had to be brought to an end early) as well as the rental payments, and I think that was reasonable.

I’ve noted what Mr M has said about having switched his interest rate online in 2020 without advice, but that doesn’t affect my conclusions about the rate switch he has complained about – Halifax applied its current policy to his most recent rate switch, it had reasons for that policy, and I don’t think it treated Mr M unfairly in requiring him to receive advice.

The advice call in February 2025 took less than 90 minutes. I don’t consider that excessive, and I don’t consider that Halifax was wrong to have discussed insurance with Mr M on the call. If Mr M is unhappy with a more recent conversation with Halifax in which he considers it tried to sell him unnecessary insurance I think it’s for him to take that up with Halifax as a separate complaint if he wishes.

It's unfortunate that Mr M feels he was stuck on Halifax’s HVR for over a year when he should have had a lower rate, and I recognise that having to make the time for the mortgage review appointment was difficult for him. But his mortgage operated as it should have and in line with his mortgage agreement. Halifax didn’t have to make new rates available. It did do so and it told Mr M how he could apply for one. For the reasons I’ve explained, I don’t think its approach was unreasonable or that it treated Mr M unfairly.

My final decision

My final decision is that 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 3 November 2025.

Janet Millington
Ombudsman