

The complaint

Mr and Mrs V complain that Bank of Scotland plc, trading as Halifax, didn't treat them fairly and gave them wrong information when the fixed interest rate on their mortgage was ending.

What happened

Mr and Mrs V had a mortgage with Halifax on a fixed interest rate of 2.07%, which they were paying on a capital and interest repayment basis. The fixed rate was due to end on 31 October 2024, after which the interest rate would be Halifax's Homeowner Variable Rate (HVR).

By October 2024 interest rates generally had increased significantly since Mr and Mrs V took the 2.07% rate in 2021. Halifax's HVR in October 2024 was 8.49% and this meant that Mr and Mrs V's monthly mortgage payments would increase from around £1,300 to more than £2,400 from 1 November 2024 if they took no action.

Mr and Mrs V were concerned about the increased payments. They were also in the process of selling their home. They say they phoned Halifax to discuss their situation on 17 October 2024, and it told them that under the Mortgage Charter they could switch their mortgage to interest-only for six months on their existing 2.07% fixed rate.

The Mortgage Charter was introduced in 2023 and provided for borrowers to make certain changes to their mortgage in some circumstances. One of those changes was a temporary switch to interest-only payments for six months. Interest-only payments on a fixed rate of 2.07% would have brought Mr and Mrs V's mortgage payments down to just over £500 a month. Mr and Mrs V decided to go ahead and later applied online for six months' interest-only.

On 19 October 2024 Mr and Mrs V phoned Halifax to discuss the new arrangement. Halifax told them that the interest-only payments under the Mortgage Charter would start from 1 November 2024 – but they would be based not on the current 2.07% fixed rate but on the higher HVR. This meant Mr and Mrs V's monthly payments would be just over £2,100, not the £500 Mr and Mrs V had been expecting. Mr and Mrs V weren't happy with this given that Halifax had previously told them they could keep the lower fixed rate.

Mr and Mrs V cancelled their Mortgage Charter application for interest-only and they made a complaint. On the same day, 19 October, they also applied online for a new interest rate product to start on 1 November 2024. They chose a tracker rate of 0.59% above Bank of England base rate until 31 January 2027, giving an initial rate of 5.59% and monthly payments of £1,879. Early repayment charges (ERCs) applied if the mortgage was repaid in full before February 2027.

Halifax sent Mr and Mrs V its final response to their complaint in December 2024. It said it couldn't find the 17 October call in which Mr and Mrs V were told they could make interest-only payments based on their existing fixed rate. It said this was the wrong information, but it accepted that this is what it had told Mr and Mrs V. It apologised for getting

this wrong and paid Mr and Mrs V £60 compensation, but said it hadn't made any other mistakes.

Halifax subsequently said it could look at putting in place an interest-only arrangement for Mr and Mrs V based on the 2.07% fixed rate for six months. But if it did that it said the difference between interest at 2.07% and Mr and Mrs V's contractual interest rate (which was 5.34% in December 2024) would accrue and be added to the mortgage balance. Mr and Mrs V didn't go ahead with this and referred their complaint to us. In February 2025 they completed on the sale of their property and redeemed the mortgage, paying an ERC of just over £3,000.

Our Investigators thought Halifax had done enough to put things right, so they didn't recommend it pay any more compensation than the £60 it had already paid. Mr and Mrs V didn't think that was fair. They thought that £60 fell far short of adequate compensation given what had happened, and that proper account needs to be taken of Halifax's failure to keep proper records – in particular the call of 17 October which they consider key evidence.

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 has accepted that it gave Mr and Mrs V the wrong information on 17 October about the interest rate that would apply to their mortgage if they switched to interest-only for six months. Mr and Mrs V want a copy of the call to prove this. But Halifax says it can't find it. It has told us that this could be because the call was made from a withheld number or because of a system error. I've seen copies of the searches it has carried out but which haven't located the call.

I know this call is very important to Mr and Mrs V. I've noted everything they've said about it, and it's unfortunate that Halifax has been unable to provide it. However, I'm satisfied that I can make a fair decision on this complaint without it. There's no dispute about what was said on the call or that Halifax misinformed Mr and Mrs V. So listening to the call would have no material impact on my decision. I've made my decision on the basis that Halifax did misinform Mr and Mrs V and told them that they could keep the 2.07% interest rate for six months if they switched their mortgage to interest-only for that period. That doesn't necessarily mean however that I can fairly require Halifax to honour this rate – I don't find that I can.

In 2021 Mr and Mrs V had taken a fixed interest rate product on their mortgage – 2.07% until 31 October 2024. After 31 October 2024, under the terms of the product the interest rate would no longer be fixed at 2.07% and would change to Halifax's HVR. The 2.07% fixed rate was always set to end on 31 October 2024. It couldn't be extended beyond that date, even if other changes were made to the mortgage. I'm satisfied that fixing the interest rate at the same level, 2.07%, beyond 31 October 2024 was never something that Mr and Mrs V could have had – despite a staff member mistakenly telling them they could in the call of 17 October 2024.

Mr and Mrs V would always have needed either to choose a new interest rate product or pay interest at the HVR from 1 November 2024 onwards. That would have been the case even if they had arranged a temporary switch to interest-only under the Mortgage Charter sooner. While interest-only payments would have been fixed for up to six months based on the interest rate applicable at the time, any interest due as a result of rate changes would still have been added to the mortgage and been payable later.

Halifax gave Mr and Mrs V the right information when it spoke to them on 19 October 2024. Mr and Mrs V then chose to cancel the six-month interest-only arrangement and instead applied for a new tracker rate product. It seems likely that they would have done the same thing if Halifax had correctly explained how support under the Mortgage Charter would work on the call two days earlier. The new interest rate product was subject to an ERC if the mortgage was repaid in full before February 2027. Halifax didn't have any ERC-free interest rate products available at the time.

Mr and Mrs V applied for the new interest rate product online, without advice or a recommendation from Halifax. They have said they did so because they felt Halifax hadn't done enough to help them when they asked for support because they were facing a significant increase in their mortgage payments. I recognise that that they were in a difficult position and they didn't know how long it would take for their property to sell.

Halifax says, and its records reflect, that it discussed other options with Mr and Mrs V. They weren't eligible for a payment holiday because they were selling their property. They did however have a credit balance of around £9,000 on their mortgage account which they could have used to keep their mortgage payments lower for a few months and Halifax told them this. Mr and Mrs V didn't want to use up that credit in this way, but I think Halifax set out the various options they could consider.

Mr and Mrs V don't think it's fair that they should have had to pay an ERC when they repaid their mortgage earlier this year. It was however their decision to take a new rate with an ERC if the mortgage was repaid early. I don't think I can reasonably conclude that they did so because of anything Halifax did wrong. The ERC, how much it would be and how it would be calculated, and the circumstances in which it would be payable, was clear in the product transfer offer. Mr and Mrs V also had an opportunity to cancel the rate switch but chose not to do so.

In the circumstances I find I can't reasonably conclude that Mr and Mrs V have lost out financially because Halifax got things wrong or because it didn't provide them with appropriate support. Halifax should have provided clear and accurate information to Mr and Mrs V when they asked it for help, and I think they were caused avoidable inconvenience and upset because it didn't initially do so. But I also think that Halifax corrected the misinformation it had given them quickly, within a couple of days, and that Mr and Mrs V haven't suffered a financial loss because of what happened.

In all the circumstances, I think Halifax has paid Mr and Mrs V fair compensation – so, while I realise this isn't the answer Mr and Mrs V wanted, I make no order or award.

My final decision

My final decision is that I don't uphold this complaint, in the sense that I don't require Halifax to do any more to resolve it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V and Mrs V to accept or reject my decision before 25 August 2025.

Janet Millington
Ombudsman