

The complaint

Ms C complains that Bank of Scotland plc trading as Halifax mis-sold her an interest only mortgage.

What happened

Ms C has a mortgage with Halifax that she originally took in 1994. The mortgage was set up on a repayment basis meaning monthly payments contributed to both the interest and capital. Ms C has taken a number of further advances on the mortgage over the years, with the last being in 2007.

In 2008, Ms C requested that the entire mortgage be changed to interest only, and Halifax carried out this request. Ms C says this was done on advice from Halifax. Ms C added a hand note that she required this change for two years. The majority of the mortgage has been on an interest only basis since then and wasn't changed back to a repayment basis.

Ms C complained to Halifax in 2024. She said she'd been mis-sold an interest only mortgage. Ms C says she was advised by Halifax to take out an interest only mortgage, she wasn't asked to provide any evidence of a repayment vehicle and that the suitability for an interest only mortgage wasn't assessed.

Halifax responded to the complaint. It said the change to interest only was done via its servicing team without advice being provided to Ms C. It said it had confirmed in writing that the mortgage remained mainly on interest only in 2012. Because of this, Halifax said Ms C had raised the complaint too late to consider it. Halifax recommended Ms C seek independent financial advice or speak with its end of term team to discuss possible ways of repaying the mortgage at the end of the term. Halifax also responded to a complaint point about Ms C not having access to new products when her fixed rate expired in 2017. Halifax was also of the opinion that Ms C was complaining that she'd not been entered into a monthly prize draw where the prize was having your mortgage fully paid off.

Unhappy with this response, Ms C referred her complaint to our Service in December 2024. An Investigator explained to Ms C that he thought she'd raised the complaint about the mortgage being mis-sold too late under our rules so it wasn't one we could consider. Our Investigator didn't think Ms C was ever prevented from securing a new rate if she'd wanted to and explained that Ms C wasn't eligible for the prize draw.

Ms C didn't accept this. She said Halifax didn't check whether she had the means to repay the mortgage, that unsuitable repayment plans were accepted and encouraged, and that she wasn't aware of the higher costs associated with interest only mortgages. Ms C said she hadn't been made aware of the unsuitability of interest only mortgages until she saw recent media coverage. Ms C has since confirmed she wasn't complaining about not being eligible for the prize draw, but this was a suggested remedy to resolve her complaint, and not a complaint point as such.

Ms C asked that her complaint be passed to an Ombudsman. So, it was passed to me to review and decide whether this is a complaint we are able to consider.

I issued a decision on 29 July 2025 which addressed our jurisdiction in this complaint. In summary, I said:

- the complaint point about the interest only mortgage being mis-sold hadn't been raised in time under our rules for us to consider it.
- I can consider the complaint point about Ms C not being given a new product since her fixed rate ended in 2017.

I invited both parties to provide anything further they may wish to by 11 August 2025.

Halifax confirmed it had nothing further to add. Ms C responded in detail. The complaint is now back with me to make 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.

Ms C responded to my decision on jurisdiction in detail. The majority of Ms C's comments in response to this are in regard to why the complaint about the interest only mortgage being mis-sold should be considered, why I should decide that the complaint had been raised in time and why she believes it should be upheld. I want to reassure Ms C I've read and considered everything she's said. However, I won't address each and every point she's made. That simply reflects the informal nature of our Service.

I've already issued a decision in regard to the fact that the complaint point about the interest only mortgage being mis-sold wasn't raised with us in time. I explained within that decision that the complaint had been referred to us more than six years after the mortgage was converted to interest only. And I set out why I thought Ms C ought to have reasonably known she had cause for complaint more than three years ago, and that there were no exceptional circumstances preventing her from bringing the complaint to us in time. This meant it had been referred to us too late under our rules.

Whilst I've considered all of the points Ms C has made in her recent response in this regard, I'm satisfied it remains the case that this complaint point was referred too late under our rules. So I have nothing further to add in this regard. And I'd refer Ms C back to this decision should she require further clarity on why I reached that decision.

Moving on to the complaint point I can consider - that Ms C wasn't given a new product in 2017 when her fixed rate ended.

Ms C seems to be of the opinion that Halifax has an obligation to continually ensure her mortgage is suitable for her. And, if not, provide her advice to make sure it is suitable for her. But she's not correct.

Once a mortgage is arranged, there's no obligation on the lender to continue to monitor it, or to ensure that it remains the most suitable for the individual borrower. The onus is on the borrower to check that a mortgage remains right for them, and to take steps, such as seeking financial advice, if they are uncertain.

A lender should keep a borrower updated on the status of their mortgage. And Halifax has done so with regular mortgage statements being provided to Ms C providing her details of the outstanding balance and the interest rate applicable to the mortgage. Lenders also generally let borrowers know when their rates are changing, or products are coming to an

end. Again, Halifax has done this by writing to Ms C in these instances.

If Ms C wished to change her mortgage interest rate, or check that it remained suitable for her, then the onus was on her to contact Halifax or to seek independent financial advice. Each annual statement asked Ms C to review her mortgage and encouraged her to get in touch with Halifax if she wished to discuss it. There was no requirement for Halifax to be more proactive on this or reach out directly to Ms C to see if a better rate was available. I can't see Ms C got in touch with Halifax to discuss her rate until 2024 when she took a new fixed rate. Or she could've made changes to the mortgage directly online. And I've seen nothing to suggest Halifax prevented her from doing so.

Based on this, I can't agree Halifax did anything wrong when Ms C's mortgage reverted to the lender's standard variable rate and remained on it until 2024.

My final decision

Whilst I recognise how strongly Ms C feels about this matter, and that she will be disappointed by my decision, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 11 September 2025.

Rob Deadman
Ombudsman