

## **The complaint**

This complaint's about a mortgage Mr S holds with Bank of Scotland plc trading as Halifax. The complaint relates primarily to how Halifax has dealt with Mr S during extended periods of financial hardship between 2019 and the present time.

## **What happened**

The broad circumstances of this complaint are known to both parties. I'm also aware that the investigator issued a detailed response to the complaint, a copy of which has been sent to both parties, and so I don't need to repeat all the details here. Our decisions are published, and it's important that I don't include any information that might result in Mr S being identified.

Instead I'll give a brief summary of the key issues, rounding figures where necessary, and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

In his most recent submission to us, dated 15 August 2025, Mr S crystalised the essence of his complaint into five key points, which I summarise below:

- Most of the problems he has experienced in engaging with his situation down the years could have been avoided if Halifax had complied with his request at the very outset of the mortgage to communicate with him only by email.
- Halifax missed an opportunity to pro-actively intervene when his original fixed rate expired in 2020 during the COVID-19 pandemic, and offer meaningful support and forbearance to a vulnerable customer.
- During a period in 2022 when he was arrears-free, a systemic error meant that his attempt to view options on the bank's app wrongly told him nothing was available.
- He had recently been told that current arrears could potentially be capitalised. In 2022, this was never mentioned.
- Whilst the complaint has been with us, Halifax resumed eviction proceedings, only to pause them when he pointed out that we were looking into his complaint.

## **What I've decided – and why**

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we work within the rules of the ombudsman service and the remit those rules give us. We don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else.

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

Having done so, what follows are my conclusions on the five points as summarised above.

#### Communication preference

Halifax's general policy is that complaint correspondence can be conducted over email, but account management and debt recovery activity is by letter and/or telephone. Having no regulatory power means I can't tell Halifax to change that policy; especially when it is generally consistent with standard industry practice. But I can consider whether it should, in certain cases, *depart* from the policy. The test for me to apply is whether and to what extent Halifax has treated Mr S fairly or not, in the way it communicates with him – though in deciding that I take into account its obligations to make reasonable adjustments, where appropriate, under the Equality Act.

In his email of 15 August 2025, Mr S told us his desire for Halifax to communicate only by email is health-related, and that receiving phone calls and letters causes him stress. It's not immediately obvious where Mr S has previously alerted Halifax to his desire for email communication being a health-specific *need* rather than merely a preference. That aside, I'd expect to see corroborative medical evidence before concluding that a business should make a change. Also, I can't rule out the likelihood that it's not the medium but the content that Mr S seems to find distressing. So if the underlying content is reasonable and justified by the prevailing circumstances, changing the delivery mechanism is unlikely to resolve things.

Overall, I'm not persuaded Halifax has treated Mr S unfairly in its communications. However, now that Mr S has raised it as a medical issue, if he can provide Halifax with relevant evidence it should look into whether it needs to make any adjustments going forward.

#### Absence of pro-active forbearance in 2020

Mr S was in arrears in 2020, and Halifax made numerous attempts to engage with him, both leading up to and after the expiry of the fixed rate in late 2020. The first response Halifax received from him was not until May 2021 after it had written confirming its intention to begin legal action. That contact resulted in a temporary hold on recovery but when no further contact was received from Mr S, Halifax resumed litigation in August 2021 and the following month, a court granted a possession order.

Bearing in mind my earlier finding about the communication medium, I'd struggle to conclude that Halifax failed Mr S during this period, or that in the absence of meaningful engagement from him, it was obliged to do something different that might have produced a better outcome.

#### Attempts to secure a new rate in 2022

When Mr S looked on the app, and was presented with no options for new rates, I don't think it unreasonable to conclude that the prudent thing would have been for him to contact the bank to check whether any deals were in fact available. Had he done that at the time, Halifax could have checked his eligibility, and in all likelihood provided a rate broadly consistent with the one it did provide – backdated – in 2025. As an aside, and largely for completeness, the provision of a backdated rate in 2025 also renders moot an argument

from Mr S that it should have alerted him in 2023 when it changed its policy on offering new rates to borrowers in arrears.

#### Not being told about capitalisation in 2022

The capitalisation of arrears is one of the forbearance options a business can consider, but it's an onerous one. Whilst it provides a solution to arrears "in the moment", it does so by adding the arrears permanently to the mortgage balance, resulting in increases to the contractual monthly payment and the total cost of the mortgage over its lifetime. For that reason, lenders have quite strict qualifying criteria on when they will consider offering it to a borrower.

Those criteria will vary slightly between lenders and change from time to time; in 2022, most lenders would have required there to be evidence that a borrower's financial situation had stabilised. Typically, that might mean an unbroken chain of full payments lasting anywhere between six and twelve months. Mr S would not have been able to demonstrate that in 2022. Before making two large lump sum payments to clear the arrears, he'd only made three consecutive monthly payments, between January and March 2022 inclusive, since the start of 2021. Overall, the point is moot.

#### Resumption of legal action whilst the case has been with us.

It's important to explain here that lenders will generally agree not to pursue recovery action whilst we look at a complaint, but they don't have to and we can't force them to. If the Financial Ombudsman Service had that power it would undermine our impartiality between the parties to a complaint. It would also create the potential for consumers to use our service to bring complaints with the intention of having any legal action put on hold, thereby obstructing businesses that were trying to take action through the courts to recover money legitimately owed by the consumers.

The most recent statement of the mortgage account Halifax sent us was dated July 2025. That shows that other than a bank payment of around £2,400 in April 2024, and the adjustment credits in April 2025 giving effect to the backdated interest rate, no payments have been made since January 2024. In that context, I could not find that Halifax was acting unfairly in resuming recovery action, regardless of the complaint.

I do not wish to alarm Mr S but I would not want him to be under any misunderstanding that we would tell Halifax that it must delay recovery action indefinitely whilst he is not making his contractual payments. Nor must it do so in the event of any new complaint being raised about the mortgage. It is a matter for a court to decide whether it is appropriate to adjourn or suspend any legal action, not this service.

I know this isn't the outcome Mr S wanted. He is faced with the prospect of having to find a way to deal with the current arrears balance, with the potential risk of losing his home if he doesn't. If he's unable to reach agreement with Halifax on how to do that, Halifax could potentially enforce its security over his home.

All I can do further is express the hope that both parties can move on from here and resume a productive dialogue without recrimination over what has gone before.

#### **My final decision**

My final decision is that I don't uphold this complaint.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 November 2025.

Jeff Parrington

**Ombudsman**