

The complaint

Mr C is unhappy that Bank of Scotland plc trading as Halifax have paid service charges on his behalf and added them to the mortgage balance. Mr C believes there was no legal or regulatory requirement for doing so and Halifax pressured him and allowed this to happen. Mr C would like these charges refunded along with any interest paid.

Mr C would like Halifax to remove the fees and charges added to his mortgage and ensure no further charges are applied to the mortgage.

What happened

Mr C said he took his mortgage out with Halifax in 1995 and that Halifax pressured him into agreeing to get the service charges added to his mortgage in 2013.

Halifax paid the service charge on 8 July 2013 and added the amount of £3046.76 for the service charge and the ground rent fee of £76 to Mr C's mortgage balance. An annual mortgage statement was issued to Mr C in 2013 which showed these payments being made.

Mr C continued to make payments to the mortgage over the remaining years with little contact between him and Halifax, but he then complained to them on 2 February 2025 about the service charge being paid. He asked for the amount to be refunded to him.

Halifax responded to Mr C on 14 February 2025 letting him know that he had brought the complaint outside of the relevant time limits so they would not be making any comment on the complaint.

Mr C then wrote to Halifax again a further three times disagreeing with what they told him and he said that he had only recently become aware that the decision to pay the service charge was unlawful and that Halifax pressured him into doing so.

As Mr C disagreed, he brought the complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. The investigator agreed there were some parts of the complaint we couldn't consider. For the parts we can consider, he didn't think Halifax had done anything wrong.

Mr C disagreed and in summary made the following comments:

- The amounts that have been added to Mr C's mortgage have added a significant amount of interest for Halifax and more unnecessary debt for him, which has meant he has had to extend the mortgage term to make things easier.
- Halifax have not shown a duty of care to Mr C, which is unfair.
- The service charge arrears were in the process of being disputed but Mr C reluctantly allowed Halifax to apply the sums to his mortgage and pay the charges on his behalf. Mr C said he was persuaded that his home could be put at risk – which at the time it wasn't – so they were not legally obliged to do this.
- The sums in question could have been placed under a separate short-term loan or similar where Mr C could have paid it off sooner with minimal interest being charged.
- Mr C switched his mortgage products from 2004 onwards and mortgage regulation has not been taken into account.

- Mr C said his complaint is not out of time as he only found out in 2025 that Halifax should not have paid the charges on his behalf as they had no legal place to do so.
- Mr C would like Halifax to refund the amounts they paid along with the interest they have charged him since 2013.

As Mr C disagreed with the investigator, he asked for the complaint to be looked at by an ombudsman, so it's been passed to me to decide.

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 initially said that we can't consider the complaint because the charges were added to the mortgage more than six years ago. But the mortgage is ongoing and therefore I can consider whether the application of the charges resulted in an unfair relationship which Halifax would be responsible for putting right. However, I'm not persuaded this complaint should be upheld. And I've come to the same conclusion as the investigator. I'll explain why.

Mr C says that Halifax pressured him into agreeing to them paying the service charge, but he now says that they didn't have the legal right to do so as they told him at the time that his property could be at risk – which Mr C now believes it wasn't.

I have reviewed all the evidence and correspondence from the time to understand what has happened.

I can see that Mr C wrote to Halifax on 7 June 2013 letting Halifax know that he was in dispute with the freeholder and he asked them not to make any payments towards the ground rent.

Mr C then sent another letter on 15 June 2023 asking Halifax to pay the charge. The letter indicates that Mr C did feel under pressure to pay the charge, but this seems to be coming from the freeholder and not Halifax. I haven't seen anything from Halifax that suggests that they put pressure on Mr C in order to pay the charge.

However, a lender is entitled to pay a service charge on behalf of a consumer if there is an unpaid amount. The consequence of nonpayment to a freeholder is legal and could mean subsequent possession action if it remained unpaid. So there is an element of risk here to any lender that doesn't take action. This does pose a threat to the lender's security and it's not unusual for lenders to make these payments and add the charge to the mortgage balance.

Mr C has said that Halifax could have offered him a short-term loan rather than add the amount to the mortgage. What Halifax did here is usual practice in the mortgage industry. A lender wouldn't ask a consumer to take out a short-term loan for any ground rent charges as it's normally the case that the fees are added to the mortgage balance. So I don't think that Halifax have done anything wrong here.

Mr C did appear to be in dispute with the freeholder at the time but I don't think it was unreasonable for Halifax to make this payment on his behalf, particularly considering that he had asked them to do so. I've not seen any evidence to suggest that Halifax pressured Mr C into them making the payment and adding the charges to his mortgage. Nor have I seen any evidence to show that Mr C has successfully disputed the charges at a tribunal either. And so having considered all the circumstances, I'm unable to agree Halifax's actions have led to an unfair relationship between them and Mr C. I don't therefore require Halifax to take any further action in this complaint.

I appreciate that Mr C will be disappointed with my decision, but I am satisfied that Halifax acted fairly and reasonably in the circumstances of this complaint.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 2 February 2026.

Maria Drury
Ombudsman