

## **The complaint**

Mrs H complains that Bank of Scotland plc, trading as Halifax, has refused to make changes to the mortgage she holds jointly with her sister and its service has been poor.

## **What happened**

Mrs H and her sister bought the property Mrs H lives in in the 1990s. In 2006 they took out a joint mortgage with Halifax. It was on a fixed interest rate until 31 March 2008, and then on Halifax's standard variable rate, on an interest-only payment basis over a term of 25 years.

Mrs H says she bought out her sister's interest in the property many years ago and she has been paying the mortgage on her own. Since 2017 she has tried a number of times to transfer the mortgage into her sole name, switch the mortgage from interest-only to repayment, and take a new fixed interest rate, but Halifax wouldn't allow her to make these changes.

She has made complaints about this over the years, and Halifax sent her final response letters in March 2017, June 2022 and January 2025.

In September 2024 Mrs H asked us to look into her complaint about Halifax's refusal to make the changes she wanted and the way it had treated her. Our Investigator said that parts of the complaint are time-barred because Mrs H didn't refer them to us by the deadlines in Halifax's 2017 and 2022 final response letters.

The Investigator said this meant we could only look into the complaint Halifax responded to in its 3 January 2025 final response letter, which was about the application Mrs H began in September 2024 and the service she had received in connection with that application up to the date of the final response.

The Investigator considered that complaint and found that Halifax had declined Mrs H's application to transfer the mortgage to a capital and interest repayment basis in her sole name on affordability grounds. She said its assessment had been fair and Halifax had also been reasonable in offering to reconsider and explore other options with Mrs H, such as a term extension. The Investigator concluded however that Halifax's service had been poor and recommended that it increase its offer of £200 compensation to £350.

Halifax accepted that recommendation, but Mrs H did not. She didn't think her complaint or her circumstances had been properly considered, and so she asked for the complaint to be reviewed.

The complaint was referred to me to decide, as the final stage in our process.

I issued a decision to confirm the scope of my power to consider this complaint. I concluded that I can't look into the complaints Halifax responded to in its final response letters of 27 March 2017 and 21 June 2022. I said I also won't be considering Mrs H's complaint about how Halifax treated her after 3 January 2025, when Halifax issued another final response letter, because what happened after that should be treated as a separate complaint.

I said that I can consider the complaint Halifax responded to in its final response letter dated 3 January 2025 – that is, its handling of Mrs H's application to make changes to her mortgage which she began in September 2024.

### **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.

Having done so, while I realise this isn't the outcome Mrs H was hoping for, I've come to the same overall conclusion as the Investigator.

It's clear that Mrs H is very worried about the situation with her mortgage and is keen to have it resolved. It's also clear that Halifax's poor treatment of her and its lack of communication have caused her considerable stress and upset. However, it wouldn't be fair or reasonable for me to require Halifax to make the changes Mrs H wants to the mortgage if those changes would make the mortgage unaffordable. That wouldn't be in either her or Halifax's interests.

I've looked carefully at Halifax's records of the application which was started in September 2024 to remove the joint borrower and change the mortgage to a repayment basis, alongside everything Mrs H has provided and told us about her circumstances. Having done so I don't find that I can conclude Halifax's decision not to agree to the changes was unfair.

The changes Mrs H wanted to make were material to the affordability of the mortgage. Halifax looked at whether she would be able to afford the mortgage on her sole income on a repayment basis and concluded that she wouldn't.

As our Investigator has explained, the income figures Halifax used were in line with what Mrs H's payslips show, and Halifax accepted the income in euros. However, the term of Mrs H's and her sister's mortgage ends in just a few years, in 2031. This means that switching the mortgage to a capital and interest repayment basis over the remaining term would result in a significant increase to the contractual monthly payments. Halifax concluded that these higher payments would not be affordable for Mrs H.

In the circumstances, I think that Halifax's decision was reasonable. It wouldn't be in Mrs H's best interests to make changes to the mortgage if they would make the mortgage unaffordable. Halifax has told Mrs H that she can make overpayments to the mortgage and I note that she has done so in order to reduce the balance. It has also told her that she can apply for a fixed interest rate without making the other changes she has asked for, and I note that she took a fixed rate of 2.39% in 2018 which applied until the end of October 2020. So I don't find that Halifax stopped Mrs H from taking a new interest rate product or that it stopped her from paying down the capital mortgage balance.

Halifax has also said that it will arrange for its underwriters to review Mrs H's situation again, and I think that was reasonable. In doing so it should keep in mind her best interests – in line with the rules of mortgage regulation – and that she has been paying the mortgage on her own for many years. It may for example be reasonable to make some of the changes Mrs H wants but not others, and/or to consider other options such as part interest-only and part repayment or a term extension to make repayments more affordable. I would expect Halifax, acting fairly and bearing in mind Mrs H's best interests, to explore all available options with her.

But for the reasons I've explained, I don't consider that I can fairly require Halifax to make changes to the mortgage. I do consider that the level of service Mrs H received from Halifax

has been poor and it hasn't communicated with her as it should have done, including failing to tell her about the outcome of her application. Halifax has accepted that, it has apologised to Mrs H, and it has paid her £200 compensation. It has also agreed to pay her a further £150 in line with our Investigator's recommendation.

I understand that Mrs H is disappointed that Halifax has said it has been unable to find recordings of all her calls with it. In making my decision I've taken careful account of everything she has told us about those calls alongside what Halifax has said, and I'm satisfied that I can make a fair and reasonable decision on that basis. In all the circumstances, I think a total of £350 is fair. While I realise that Mrs H doesn't think it goes far enough, I consider that it recognises the upset and frustration she was caused and the time she spent chasing Halifax when she didn't hear from it.

### **My final decision**

My final decision is that Bank of Scotland plc, trading as Halifax, should pay Mrs H £150 compensation on top of the £200 it has already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 14 November 2025.

Janet Millington  
**Ombudsman**