DRN-5963512

The complaint

Mr D and Miss H complain that system problems at Bank of Scotland plc trading as Halifax delayed them applying for a new interest rate product for their mortgage. Interest rates increased before they were able to secure a rate. They ask that Halifax applies the lower rate they wanted and pays compensation.

What happened

Mr D and Miss H have a mortgage with Halifax. They'd taken out additional borrowing when they moved home and this meant they had two interest rate products. One product was due to expire at the end of September 2023 and the other was due to expire at the end of October 2023.

Mr D and Miss H took advice from a broker. The broker was unable to submit a product transfer application on their behalf. This was because Halifax's system prevented two product transfer applications being made simultaneously via its online portal. The broker didn't secure a rate for Mr D and Miss H until early August 2023. By that time, Halifax had increased its interest rates. Mr D says he had to meet with the broker multiple times to sort things out.

Mr D says this was a difficult time for them financially. Miss H had lost her job and has a health condition that means she can only work part time. Mr D says he was already worried about the increase in monthly payments when their products expired. Mr D says the problems taking out a new product and the additional interest costs added to their stress. He's had to work overtime and borrow from family to meet costs.

Mr D and Miss H also waited over a year for Halifax to respond to their complaint.

Halifax said it had a workaround for brokers and the broker could have contacted it if they were having difficulty submitting the applications. Halifax said it applied the new rate to part of Mr D and Miss H's account a month earlier than it ought to have done. It recalculated the interest applied to their account, refunded the overpayment with 8% interest and adjusted the mortgage account. Halifax paid £150 compensation for not responding to Mr D and Miss H's complaint.

Our investigator said Halifax had done enough to put matters right.

Mr D and Miss H didn't agree and asked that an ombudsman reconsider the matter.

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.

Mr D and Miss H's broker tried to submit product transfer applications on their behalf in June and July 2023. This was unsuccessful. The broker successfully submitted product transfer applications in early August 2023. Mr D and Miss H secured a fixed interest rate of 6.27% for

two years. They say this is higher than the rate they could have secured in June/July 2023.

Halifax says its systems at the time didn't allow two applications to progress simultaneously. However, there was a workaround for this which brokers were made aware of.

Halifax provided copies of the messages it says the broker would have seen when trying to make the applications. In summary, the messages had headings such as "The messages should be actioned as soon as possible". The messages relevant here said there was more than one sub-account and if applicable follow the spilt sub account process or check mortgage enquiry.

Halifax also provided copies of its guidance on the intermediary website. This sets out the steps the broker needs to take to apply for product transfers when two products are due to expire within a short period. I think the guidance is clear.

Mr D says they are out of pocket, having missed out on a lower interest rate product. He says the delays and higher cost caused additional stress at a time when their finances were already stretched. I understand that. But for me fairly to require Halifax to compensate Mr D and Miss H for financial loss, or apply a lower interest rate product to their mortgage, I'd need to find that it made an error and it was this error that resulted in Mr D and Miss H suffering a loss. I don't think that's the case here.

If there was a problem with Halifax's systems which meant it was impossible for Mr D and Miss H to take out a new product, or if Halifax had given them (or their broker) incorrect information about this, the outcome might be different.

Halifax's systems didn't allow two applications via its online portal to proceed at the same time. Halifax was aware of this, and that it could cause problems for customers with two products expiring within a short period. Halifax had a process that brokers could follow to work around this, and had taken reasonable steps to make brokers aware of this.

Mr D says the broker was clearly unaware of the problem and how to work around it, as he didn't mention it during the multiple home visits he had to make to sort the matter out.

As I said, I think Halifax took reasonable steps to make brokers aware of the problem and what they needed to do. But if the broker wasn't sure what had happened when they had a problem submitting the application, or wasn't sure what to do, they could have contacted Halifax. Halifax says it has no record of the broker trying to contact it in June or July 2023.

I can't fairly find, based on the available evidence, that Halifax is responsible for Mr D and Miss H missing out on a lower interest rate so as to make it fair and reasonable to require it to compensate them for this.

It's unclear to me why Mr D says they paid additional interest between June and September 2023 due to Halifax's system not allowing two simultaneous applications. Mr D and Miss H's previous products expired on 30 September 2023 and 31 October 2023. I can't see why they'd want a switch to a higher interest rate to take effect any sooner than that, especially when this would require them to pay an early repayment charge. They wouldn't have been better off if they had done so. as a result. While Mr D says the broker made multiple home visits to sort things out, I don't think Halifax is responsible for that.

Halifax did make errors. It applied the product transfer to one of the accounts too early. It corrected this, adjusted the mortgage account and refunded Mr D and Miss H's overpayment (of about £235) with 8% interest. I think that's fair.

There was a significant delay in Halifax responding to Mr D and Miss H's complaint. It archived the complaint incorrectly instead of dealing with it in late 2023. I can't see that this affected the outcome of the complaint. But it was poor service and I think it's right that Halifax paid compensation.

When considering what compensation is fair and reasonable we consider the effect of an error on the customer. Mr D and Miss H waited over a year for a response to their complaint. They also waited for more than a year before chasing Halifax for a response. That's not to say that the delay wasn't due to Halifax's error. But I think if the outcome of the complaint was important to Mr D and Miss H and the lack of response was causing them distress, they'd likely have contacted Halifax sooner.

In the circumstances, I think £150 is fair and reasonable compensation for Halifax failing to respond to Mr D and Miss H's complaint in late 2023.

My final decision

My decision is that I do not uphold this complaint, as I find that Bank of Scotland plc trading as Halifax has done enough to put matters right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Miss H to accept or reject my decision before 14 January 2026.

Ruth Stevenson
Ombudsman