

The complaint

Mr and Mrs T complain that Bank of Scotland plc trading as Halifax made errors when they remortgaged with another lender. After they'd remortgaged Halifax said they still owed about £2,000. Mr and Mrs T ask that Halifax admits wrongdoing and writes off the shortfall.

What happened

Mr and Mrs T had a mortgage with Halifax. They wanted to remortgage with another lender. Their interest rate product with Halifax expired on 31 March 2025. The variable rate applied after this. Mr and Mrs T were unable to remortgage during April 2025, for reasons unrelated to Halifax.

Mr and Mrs T say the payment taken by Halifax on 1 April 2025 was larger than previous payments. They concluded that Halifax takes payments in advance, and therefore the payment due on 1 May 2025 was the capital repayment and interest due for the month of May 2025. They intended to redeem the mortgage in early May 2025 and didn't want to make a payment to Halifax (which might take time to refund) while also paying their new lender.

Mr and Mrs T say they called Halifax on 28 April 2025 and were advised to cancel their direct debit. Halifax says it had no record of this call.

A redemption statement was issued on 2 May 2025. This assumed Mr and Mrs T's contractual monthly payment due on 1 May 2025 would be paid. Halifax tried to collect the payment by direct debit but this was returned unpaid. As a result, the redemption amount wasn't enough to repay the mortgage in full.

Mr and Mrs T say they didn't know that the redemption statement assumed they'd made the payment due on 1 May 2025. They say it came as a shock to be asked to pay the shortfall. Mr and Mrs T say based on the 2 May 2025 redemption statement their new mortgage lender reduced the amount it would lend, and so the new mortgage didn't cover the shortfall. They say this is a substantial amount of money and caused them anxiety and concern about their financial wellbeing.

Our investigator didn't recommend that Halifax be required to waive the shortfall balance. She said this is money Mr and Mrs T owe. Our investigator said even if she assumed Mr and Mrs T were given incorrect information on the call on 28 April 2025, Halifax had given them correct information on a number of occasions. Mr and Mrs T didn't agree.

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 and Mrs T commented in detail. I should explain that I don't have to respond to each point made by the parties. What I must do is explain my reasons for reaching my decision about what's fair and reasonable in the circumstances of the complaint. Where the evidence

is incomplete or contradictory, I make my decision based on the balance of probabilities – that is, what I think is more likely in the circumstances. I have enough evidence to reach a fair decision.

In its final response Halifax offered £75 for “*any poor service or if our redemptions process wasn’t explained to you...*” It said it would remove any missed payment markers once Mr and Mrs T repaid the shortfall. It did not agree to waive the shortfall.

I’ve carefully considered all of the points made by Mr and Mrs T, together with the information and evidence they provided to support what they say. While I appreciate Mr and Mrs T will be disappointed, I don’t think it’s fair and reasonable to require Halifax to waive the shortfall. I’ve explained my reasons below.

When Mr and Mrs T took out the mortgage with Halifax they agreed to repay it in full. They aren’t out of pocket as a result of Halifax asking them to pay the remaining balance: this is money they owe.

Mr and Mrs T say they were advised by Halifax to cancel their direct debit. Initially, they said this call took place on 14 or 15 April 2025. They later said it took place on 28 April 2025. Halifax has no record of this call.

Halifax can’t find a call recording and it has no notes of the call. It says it emailed an amount owing statement to Mr T on 28 April 2025, which could suggest he was in contact at about that time.

I do have Mr and Mrs T’s account of the call. They say Halifax’s call handler was confused as to what they were saying – so much so that Mrs T suggested Mr T ask to speak to a manager. It’s usual for lenders to tell borrowers to maintain payments until the mortgage is repaid. I don’t know why Halifax would tell Mr T to cancel their direct debit when that’s not its usual process. I can’t be sufficiently certain as to what was said to fairly find that Halifax advised Mr T to cancel the direct debit. Or that if it did so, it had fully understood the situation or what Mr T was asking – especially given that the only people able to give an account of the call have said Halifax was confused about what they were saying.

Even if I found that Halifax had told Mr and Mrs T to cancel the direct debit and stop making contractual monthly payments before they repaid their mortgage, that wouldn’t make it fair to disregard the fact that Halifax provided correct information on other occasions, or that Mr and Mrs T owe this debt.

Halifax issued redemption statements on 24 April 2025, 28 April 2025 (three redemption statements were issued that day with different redemption dates) and 2 May 2025. Mr and Mrs T say it was only when they received the 2 May 2025 redemption statement that they became aware of the wording “*Please do not ask your client to cancel any Direct Debit/standing order at this stage.*” However, the previous redemption statements would have included the same wording.

Even if Mr and Mrs T only became aware when they received the 2 May 2025 redemption statement that they shouldn’t cancel the direct debit they could still have contacted Halifax prior to completion, to check if cancelling their direct debit in late April 2025 could cause a problem.

The redemption statement issued by Halifax on 2 May 2025 said the redemption amount “*takes into account all payments received up to the date of this statement and assumes that they will be honoured*”. Mr and Mrs T say the payment on 1 May 2025 wasn’t received, so they thought it wasn’t taken account of in the redemption amount. The wording includes the

proviso that payments “*will be honoured*”. Halifax says it tried to collect the direct debit payment due 1 May 2025 and didn’t know this would be returned unpaid until a few days later. I think this wording correctly reflects the situation.

Mr and Mrs T say the direct debit was returned unpaid on 1 May 2025. They didn’t provide evidence to support this (such as a bank statement showing the payment being returned unpaid on that date). They say Halifax knew in advance the direct debit would be cancelled due to its records of the call on 28 April 2025. But Halifax doesn’t have a record of this call.

Mr and Mrs T received a letter from Halifax dated 2 May 2025 saying it had been told by their bank that they’d cancelled their direct debit. They say this proves Halifax knew (or should have known) before it issued the redemption statement that the payment due on 1 May 2025 would be returned unpaid. Given the timing, I don’t think it’s reasonable to find that Halifax’s systems should have picked up that the direct debit payment would be returned unpaid before it issued the redemption statement.

The redemption statements issued before 2 May 2025 gave a redemption amount over £286,000. The redemption amount in the redemption statement issued on 2 May 2025 was about £2,000 less, roughly the same as the payment due on 1 May 2025. Mr and Mrs T say it’s only the last redemption statement that matters. But they didn’t say why they thought the mortgage balance could have reduced by £2,000 when they hadn’t made the payment.

Mr and Mrs T suggested they were never aware of a redemption amount of £286,000. It’s unclear how they could have had discussions with their broker or made an application to the new lender without knowing what they needed to repay to Halifax. I don’t find it credible they were unaware of this until 2 May 2025.

Mr and Mrs T say the solicitor re-checked the redemption amount with Halifax prior to completion. They provided an email from the solicitor which they say proves this. However, the email only says the “*figure we have from the lender is the final figure...*”. The solicitor doesn’t say they’d re-checked this with Halifax. I haven’t seen evidence Halifax issued a redemption statement after 2 May 2025.

I don’t think Halifax was – or should have been – aware before issuing the redemption statement on 2 May 2025 that the payment due on 1 May 2025 would be returned unpaid. But even if I did think that, it wouldn’t be fair to require it to write off the shortfall.

Mr and Mrs T didn’t suffer any financial loss. As I said, Mr and Mrs T owed the full amount of the mortgage balance. The amount they owed didn’t increase due to the incorrect amount in the redemption statement. They have a shortfall debt because they didn’t repay the mortgage balance in full.

I could fairly require Halifax to pay further compensation, or write off or reduce the shortfall, if I thought the redemption statement was incorrect due to errors by Halifax and this caused Mr and Mrs T financial problems. But based on the available evidence I don’t think that’s the case.

Mr and Mrs T say their new lender reduced the amount it would lend based on the 2 May 2025 redemption statement. So when Halifax asked for the shortfall, this left them short of funds.

I find it unlikely the new lender would change the loan amount at that stage, a week before completion. Our investigator asked Mr and Mrs T for evidence to support this – such as the mortgage offer issued by their new lender or the completion statement issued by the solicitor. If they didn’t have copies available they could have asked the lender, solicitor or

their broker for a copy. I can't think of a credible reason why Mr and Mrs T wouldn't be able to provide this evidence.

While Mr and Mrs T say they were disadvantaged by the new lender reducing the amount it would lend, they didn't provide evidence to support this. Without this, I don't think it's fair and reasonable to require Halifax to pay compensation or write off the shortfall.

Putting things right

In its final response Halifax said it had paid £75 for "*any poor service or if our redemptions process wasn't explained to you...*" It said it would remove any missed payment markers once Mr and Mrs T repay the shortfall debt. I think that's fair.

I don't think Halifax made errors that would make it fair and reasonable to require it to waive the shortfall debt (or any interest that has accrued while the remaining mortgage balance has been outstanding). This is money that Mr and Mrs T owe. If they'd made the contractual monthly payment due on 1 May 2025 there would have been no shortfall. If they cancelled the direct debit in error or in reliance on incorrect information they could still have made the payment when they were made aware of the shortfall and how it came about.

My final decision

My decision is that Bank of Scotland plc trading as Halifax should pay £75 to Mr and Mrs T (if it has not already done so), and remove any late payments from Mr and Mrs T's credit files once they repay the mortgage in full.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T and Mrs T to accept or reject my decision before 2 March 2026.

Ruth Stevenson
Ombudsman