

The complaint

Mr and Mrs W complain that Bank of Scotland plc trading as Halifax are taking legal action against them which they think is unfair. They have also complained about how their mortgage has been administered.

What happened

Mr and Mrs W have had a residential mortgage with Halifax since 2006, and the term ended in 2018. Mr and Mrs W said they explained to Halifax, before the mortgage term ended, that they are involved in a legal case against their local council and that they have been victims of fraud. Mr and Mrs W say that Halifax encouraged them to pursue their case because it was agreed that it was in the public interest for them to do so. Mr and Mrs W believe that when the case concludes, they will have enough money to repay the mortgage.

Mr and Mrs W have two buy-to-let properties where they have said that one property was put up for sale and that it was due to complete at the end of November 2025. They intended to use some of the proceeds of sale to reduce their Halifax mortgage. They said they will place the second property for sale in the spring of 2026.

Mr and Mrs W said that in 2024 Halifax started legal action against them as the mortgage remained outstanding, so Mr and Mrs W complained about this. Halifax issued a final response letter in September 2024 confirming they would pause legal action for six months but have since resumed this.

Halifax starting legal action is the crux of Mr and Mrs W's complaint, but they have also made the following complaint points:

- Halifax is partly responsible for a conveyancing error that happened when the mortgage was taken out. This error means there is no access to the property without crossing neighboring land (for which there is no right of way) so if Halifax were to repossess the property, they wouldn't be able to sell it. They say Halifax hasn't responded to their complaint about this.
- Halifax's decision to lend them the mortgage was unreasonable as it relied on a one-off dividend as proof of income.
- Halifax hasn't been clear about the level of interest being charged to the mortgage. Because the mortgage term has ended, Halifax no longer recalculates the contractual monthly payment (CMP) when the interest rate changes so this has led to a higher mortgage balance – because their monthly payment didn't increase when the mortgage interest rate increased, with the unpaid interest being added to the balance.
- Mr and Mrs W say there is an unfair relationship between them and Halifax under section 140A of the Consumer Credit Act 1974

Mr and Mrs W brought their complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. The investigator said that we couldn't look into some of the points that Mr and Mrs W had made as they had been raised outside of the relevant time limits.

He said Halifax's decision to offer the mortgage to Mr and Mrs W was dealt with in a final response letter from July 2021. He said that Mr and Mrs W didn't complain about the sale of the mortgage until 2025 so he said we would not be able to consider this point. He then went on to give his opinion on the parts of the complaint that we could consider, but he didn't uphold it. He didn't think that Halifax had acted unfairly.

Mr and Mrs W didn't agree and provided a significant amount of information explaining why. I have summarised their points below:

- On 30 August 2024 the Parliamentary and Health Service Ombudsman (PHSO) found that the local authority had acted unlawfully against Mr and Mrs W who have been formally recognised as vulnerable. Despite this, Halifax has pursued legal action on a false narrative disregarding their regulatory obligations and duties under Consumer Duty and vulnerability guidance.
- Halifax have failed to take any steps to investigate or rectify the conveyancing error despite being notified of it in April 2025. Halifax's assertion that the property is of "high value" reflects a fundamental misunderstanding of the asset's true worth.
- There is a material defect in the legal title of the property, which is the omission of the curtilage, which renders the property inaccessible without crossing neighboring land not part of this title, and so the property was materially incorrectly valued. Halifax did not investigate this point and that constitutes a breach of duty. The investigator said that the Financial Ombudsman Service doesn't make findings about events that haven't happened yet, which ignores the principle that foreseeable harm arising from a known legal defect must be mitigated before enforcement proceeds.
- Under the FCA's Principles namely Principle 6 (customer interests) – firms must treat customers fairly, which includes ensuring that third parties acting on their behalf uphold the same standards.
- Consumer Duty requires firms to avoid foreseeable harm, act in good faith and enable and support retail customers to pursue their financial objectives. Halifax's conduct, including their refusal to investigate a solicitor error and initiation of possession proceedings under false pretences – directly contravenes these obligations.
- Mr and Mrs W said that Halifax have failed to investigate one of their staff members who has made multiple representations that are false. They said the staff members' conduct, despite clear evidence of dishonesty, and retaliatory enforcement reflects a breakdown in governance and a culture of impunity.
- Halifax is refusing to provide details of monies held in a buffer account and they found out about this by chance and believe the value is approximately £20,000.
- Halifax confirmed on 28 August 2024 that repossession would not be pursued where payments were maintained and no arrears existed.
- The Financial Ombudsman Service has failed to address Senior Managers and Certification Regime (SM and CR) violations.
- Mr and Mrs W have seen no evidence that our service has taken into account DISP 3.6.1R or DISP 3.6.2G. The Ombudsman should consider what is fair and reasonable in all the circumstances.

As Mr and Mrs W disagreed, they asked for the complaint to be reviewed by an Ombudsman, so it's been passed to me to decide.

I have already issued a decision on this case setting out what I can and cannot consider. I explained to Mr and Mrs W that I would be able to consider the following points only:

- The conveyancing issue.
- Halifax's communication about legal action and whether this was fair and reasonable, in relation to the end of the mortgage term and the mortgage balance being outstanding.
- Interest being applied to the mortgage

My provisional decision

I issued a provisional decision on 21 January 2026. I said:

I've considered the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've given careful consideration to all the submissions made by both parties, but I won't address each and every point that has been raised. I'll focus on the matters that I consider most relevant to how I've reached a fair outcome – in keeping with the informal nature of our service.

Having done all that, I don't think this complaint should be upheld. I realise this will be disappointing for Mr and Mrs W. But I hope the reasons I have set out below will help them to understand why I have come to this conclusion.

The conveyancing issue

Mr and Mrs W have explained in detail why they believe that Halifax is responsible for the conveyancing issues in relation to their property. They said there is a material defect in the legal title of the property which is the omission of the curtilage which renders the property inaccessible and materially undervalued as it's now worth less than it would have been.

Mr and Mrs W have said that Halifax should never have lent them the money for the mortgage because of this issue. It was something that Halifax should have been aware of. Having considered what Mr and Mrs W have said, I don't think this is something that I could hold Halifax responsible for.

Halifax are not responsible for carrying out the conveyancing checks when a property is purchased. As part of pre-lending checks, Halifax would want to have made sure that there was good title – which includes things like making sure there were no pre-existing charges or restrictions which would affect its security. But they wouldn't have checked, and couldn't have known, whether the land included in the title was properly described, whether there were access issues, and so on. These were matters for Mr and Mrs W's solicitor to have looked into as part of advising Mr and Mrs W about purchasing the property – not matters for Halifax as mortgage lender. So I don't agree that I can fairly hold Halifax responsible for any issues with the property title or physical access to the property.

Mr and Mrs W have told us that their conveyancer has stopped trading. However, solicitors generally have insurance in place that covers things that arise even after firms have closed down – but this isn't a matter for me, and may be something for Mr and Mrs W to raise with the Solicitor's Regulation Authority (SRA) or the Legal Ombudsman, or for them to take legal advice about.

Legal action

I can see that Mr and Mrs W have continued to raise complaints to Halifax and in a recent final response letter dated 11 November 2025, Halifax have said that due to low equity in Mr and Mrs W's residential property and the fact that the sale of Mr and Mrs W's buy to let property didn't complete as they said it would – they will continue with legal action.

There was a hearing set for the 2 December 2025 but this was adjourned, and we've not been made aware of any new hearing dates as of yet.

Mr and Mrs W's mortgage term ended in 2018. Mr and Mrs W have said that Halifax told them to pursue their legal case instead of addressing the outstanding balance which was due. Having reviewed the contact notes thoroughly, I do not agree with Mr and Mrs W on this point.

I can see that over the years, Halifax have continued to hold legal action for various reasons, mainly because of what they were told by Mr and Mrs W.

Mr and Mrs W told Halifax that they had two buy-to-let properties which they would consider selling if necessary. Their initial plan to repay the mortgage was based on pursuing their legal argument against their local council for the issues surrounding the property. They believe that they will be awarded enough compensation which will repay the outstanding balance on the mortgage.

Mr and Mrs W have been keeping Halifax updated throughout the years and Halifax have continued to hold any legal action to give Mr and Mrs W more time. This doesn't mean that they agreed for Mr and Mrs W to pursue their legal claim and agreed not to take action in the meantime for as long as the claim continued. It just meant that Halifax showed reasonable forbearance by allowing Mr and Mrs W a reasonable time to explore ways of repaying the mortgage. But things couldn't carry on indefinitely and Halifax were entitled to expect updates and to expect Mr and Mrs W to look at other options if the legal case didn't result in them being able to repay within a reasonable time.

In October 2022, Mr and Mrs W told Halifax that they may consider just selling the land and that it was worth around £1,000,000 but if they could sell it quickly, they would hope to get around £500,000 and this would mean that Halifax would stop pursuing them for the outstanding balance.

In August 2023, Mr and Mrs W told Halifax that the sale of their land was going through but the developers who were purchasing it were waiting for a change in government policy, so it could take a little longer. Around the same time, Halifax reviewed the account and noted that several holds had been put in place already – since 2018 and that Mr and Mrs W's overall situation hadn't in fact changed in the five years since.

In October 2023, Halifax told Mr and Mrs W that they may not apply any further holds to Mr and Mrs W's mortgage, and they should continue to keep them updated with the situation. Mr and Mrs W did continue to do this, but nothing had really changed.

In May 2024, Halifax started legal action against Mr and Mrs W. They explained that their legal case against their local council was still ongoing. Halifax said they wouldn't wait for this to be resolved as there was no clear date as to when this would happen. Mr and Mrs W then raised a complaint about this in September 2024. Halifax said they would pause legal action for six months which given the circumstances of this complaint and when the mortgage term ended – I think this was reasonable.

Having looked at everything that has happened, I cannot say that Halifax have acted unreasonably or unfairly by starting legal action. The mortgage term ended in 2018, and Mr and Mrs W haven't been able to find a way of getting the outstanding balance repaid. They've said that their legal claim, the sale of their land or the sale of their buy to let properties would allow them to repay, but none of those have come to pass in the seven years since the term ended. In the circumstances, I think that Halifax have acted reasonably in giving Mr and Mrs W a series of extensions to find a way to repay. They have held off legal action a number of times over the years and there still hasn't been any change in the situation. But given the passage of time, I don't think it

was unfair that Halifax eventually began legal action when there was still no prospect of the mortgage being repaid.

I understand that Mr and Mrs W were surprised that Halifax did start legal action and I can appreciate they probably thought that they would just keep giving them more time – but unfortunately this cannot continue. I think it's possible that Halifax could have told Mr and Mrs W what they were intending on doing so that it wasn't so much of a shock to them, but this wouldn't have changed the situation.

Mr and Mrs W are not able to change the mortgage to repayment due to affordability issues and Halifax isn't obliged to give them more time to repay the outstanding balance. It's already allowed seven years since the term ended.

Repossession should always be a last resort and having looked at everything carefully, I think Halifax have done what they can to support Mr and Mrs W through this. I note that Mr and Mrs W say that if Halifax do take possession of their property, they won't be able to sell it due to the conveyancing issue. This isn't something that I can really comment on. It's not possible to know what impact the conveyancing issue will have on this and I can't comment on events that haven't happened yet. There is no basis to say that Halifax should not continue with legal action because they won't be able to sell the property.

I would encourage Mr and Mrs W and Halifax to continue to liaise with each other in the meantime. And if any concrete proposals are made by Mr and Mrs W, then Halifax should give this fair consideration. But I'm not upholding the complaint about what has happened so far because I think they have been patient and fair with Mr and Mrs W.

Mr and Mrs W have said that they are unhappy with Halifax's communication surrounding legal action. They have contacted Halifax several times to explain why they are unhappy with the actions that are being taken against them. Halifax, in their responses, have explained that they have reviewed what Mr and Mrs W have said, but it doesn't change any of their previous responses. I don't think this is unreasonable. It can be unproductive to keep going over the same issues time after time when nothing is moving forwards and I don't think it's unreasonable for Halifax to have taken this approach.

Halifax isn't obliged to respond to every communication they received by Mr and Mrs W when the points are the same and have already been responded to. They also don't have to confirm that they will stop legal action because someone is vulnerable either – no matter how difficult the situation may be. We would expect any lender to be clear about their actions and intentions, and I think Halifax has been.

Interest applied to the mortgage

Mr and Mrs W have said they didn't know that more interest was being applied to the mortgage than they were paying. Halifax told Mr and Mrs W in 2018 that the mortgage CMP wouldn't be automatically recalculated when the interest rate changed in future which is around the time that the mortgage term ended. The contact notes show this information, so I think it's likely that Mr and Mrs W were told about this as it has been recorded.

I don't think it would have been a surprise to Mr and Mrs W how much they owed. They have been sent annual mortgage statements which show the overall position of the account. They also had conversations with Halifax frequently about how much they owed, what payments were due and what they could afford to pay.

I have listened to a telephone call between Mrs W and Halifax which took place on 16 August 2023. The adviser asked Mrs W if she was aware how the interest works now that the mortgage has reached the end of its term. She says she thinks that she

does. The adviser continues to explain that no further changes can be made to the monthly payments because the term has ended so even if interest rates were to go up or down, the monthly payment will not change. But interest will continue to be added to the mortgage balance which will keep increasing. The adviser told Mrs W that they were receiving around £1,000 less than the total amount of interest that was being charged to the mortgage. Mrs W confirmed that this has been explained to her.

I can't therefore agree that Mr and Mrs W were not aware that they were not paying enough and I'm satisfied that Mrs W understood what she had been told on the telephone call. If Mr and Mrs W wanted to increase their monthly payments to cover all the interest that was being charged, they could have done so.

Mr and Mrs W have said that they haven't been treated fairly under the Financial Conduct Authority's principles. They also say that Consumer Duty requires firms to avoid foreseeable harm, act in good faith and enable and support retail customers to pursue their financial objectives. They believe that Halifax's conduct, including their refusal to investigate a solicitor error and initiation of possession proceedings under false pretences – directly contravenes these obligations

While the FCA's consumer duty does say that all firms should act to deliver good outcomes and avoid foreseeable harm, that does not mean that a firm has the responsibility to prevent all harm. But in the circumstances of this complaint and the argument that Mr and Mrs W are making, as I've already mentioned, it was not Halifax's responsibility to deal with the conveyancing issue. And I think Halifax did show reasonable forbearance and allow Mr and Mrs W time to find a way to repay their mortgage, only treating repossession as a last resort when they were unable to do so after several years. Consumer Duty doesn't mean a mortgage lender can't ever take repossession action to recover what they've lent – they can, as long as they act fairly in only doing so as a last resort.

Acting to deliver good outcomes under Consumer Duty doesn't mean that a firm must do what a consumer wants, or that it can't take account other considerations – in this case – that the mortgage term ended in 2018. And it doesn't mean that every consumer will always achieve the outcome they want in every situation.

I think Halifax have done as much as they can do to support Mr and Mrs W and have been fair in their dealings with them so far. I therefore won't be asking them to do anything further in relation to this complaint.

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

Developments

Mr and Mrs W have provided a significant amount of information and arguments in their response to my provisional decision. They have said they have identified significant flaws, omissions and factual inaccuracies within the decision and believe it stems from mis-leading or incomplete information which has been provided by Halifax and their solicitors.

Mr and Mrs W have therefore asked that I address the following:

- Withheld interest rate discussions
- Unlawful DSAR redactions
- Selective disclosure of telephone calls
- Contradictions between Halifax and their solicitors.

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.

I've focussed on what I consider to be the relevant evidence necessary for me to reach a fair outcome. I intend no discourtesy in not answering all Mr and Mrs W's individual questions and comments made, but that's not our role as an impartial dispute resolution service.

The extent of our powers, as set by the Financial Services and Markets Act 2000 ("FSMA"), is set out in the dispute resolution section of the regulator's handbook of rules and guidelines. Part XVI of FSMA sets out the details of our scheme, and s.228 deals with how I determine complaints that come under our compulsory jurisdiction. That says a complaint is to be determined by reference to what is, in the opinion of the ombudsman, fair and reasonable in all the circumstances of the case. When considering what's fair and reasonable in all the circumstances, I'm required to take into account relevant law and regulations; regulator's rules, guidance and standards, and codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

Mr and Mrs W have also provided what they deem to be new evidence in relation to their complaint. They have provided evidence to support the fact that Halifax withheld interest rate discussions and have provided a redacted internal Halifax document which confirms that interest rate issues and internal calculations were never disclosed to our service.

Mr and Mrs W argue that Halifax unlawfully redacted and withheld information as part of a recent Data Subject Access Request. They also said that Halifax have been selective on the telephone calls they have provided to us. And that our service has only been provided with one telephone call which was referenced in the provisional decision, but they failed to provide us with a further four telephone calls. Mr and Mrs W said these calls confirmed that Halifax failed to upload their documents, confirmed Mr and Mrs W were not in arrears and that Halifax had confirmed a 'buffer' and finally that Halifax reassured Mr and Mrs W that repossession was unlikely and acknowledged Mr and Mrs W's vulnerability.

The first thing to address here is that Mr and Mrs W have concerns that Halifax are still taking court action while the complaint is with the Financial Ombudsman Service. While we may ask a business to suspend action while we investigate complaints, we do not have the power to stop a business doing this if they decide to proceed. This isn't within our remit so while I understand that a hearing was due to take place on 10 February 2026 – there is nothing that we can do to prevent this from happening.

Mr and Mrs W have said that Halifax have failed to comply with the judge's direction of 2 December 2025 which required disclosure of interest rate calculations and buffer account monies. If this is in fact the case, Mr and Mrs W will need to take this matter back to court as this is not something that our service can get involved in. This is a matter for the courts.

Like I said above, Mr and Mrs W have provided substantial responses to my provisional decision and while I will not comment on everything, I have thought about everything they have said.

I understand that Mr and Mrs W are concerned as they believe that Halifax have redacted parts of the DSAR which was sent to them and have withheld information about interest rate discussions – as well as not providing us with certain telephone calls. While I appreciate that Mr and Mrs W have concerns about this, they do not change anything in relation to this complaint.

These points didn't form part of Mr and Mrs W's original complaint but even so, I have enough information from both parties to be able to decide this complaint regardless of the arguments that Mr and Mrs W are now making.

The crux of the issue here is that Mr and Mrs W's mortgage term ended in 2018. Halifax have given reasonable forbearance as it's been approximately eight years since the term has ended and nothing has really changed. I understand that Mr and Mrs W have been trying to sell their property and that they are still hoping to win their case against their local council regarding the issues with their property. But for all the reasons I have explained in my provisional decision, I do not hold Halifax responsible for what has happened.

Things might have been said, and it may be that Halifax were prepared to allow Mr and Mrs W more time to sort out their case against their local council. However, that was many years ago and things have now moved on, and the situation cannot be left open indefinitely.

Mr and Mrs W entered into an agreement to borrow money, and the contract has now ended. Halifax are entitled for that money to be repaid, and they do not have to give Mr and Mrs W anymore time to do this. I think Halifax have been more than reasonable in the circumstances of this complaint.

I do understand that Mr and Mrs W are vulnerable but like I said previously, this doesn't mean that Halifax should not take action against Mr and Mrs W considering the fact that the mortgage term ended years ago.

I know that Mr and Mrs W are going to be disappointed but there is nothing else that I can add to what has already been said in my provisional decision.

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 Mrs W and Mr W to accept or reject my decision before 12 March 2026.

Maria Drury
Ombudsman