

The complaint

Miss C's complaint is about a mortgage she holds with Bank of Scotland plc trading as Halifax; from here on I'll refer to the business as BOS. The background to the complaint is complex, multi-layered, and all of it arises from long-running financial difficulties Miss C has experienced, and the arrears that have accrued on the mortgage over time. That includes the period since Miss C's fixed interest rate product ended in February 2024.

I am sorry to note that Miss C has serious health issues, and accordingly she is represented here by Mr C, a family member.

What happened

The basic background to this complaint is well known to both parties so I won't repeat the details here. Our decisions are published, and it's important that I don't include any information that might result in Miss C being identified.

Instead I'll focus on my decision and the reasons for it. No discourtesy or lack of care is intended by that. It's simply a reflection of the informal service we provide, and if I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint. This approach is consistent with what our enabling legislation requires of me.

It allows me to focus on the issues on which I consider a fair outcome will turn, and not be side-tracked by matters which, although presented as material, are, in my opinion peripheral or, in some instances, have little or no impact on the broader outcome.

What I've decided – and why

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we work within the rules of the ombudsman service and the remit those rules give us. We don't replicate the work of the courts.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else.

In doing that, we don't replicate the work of the courts. Whilst statutory, our scheme is intended to provide swift outcomes to disputes between business and the customers, with a minimum of formality. We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. But in doing so, we have to work within the rules of the ombudsman service, which include our jurisdiction.

We revisit our jurisdiction over a complaint at every stage of our case-handling process. I've looked at what the Investigator has said in his views, and what Mr C on Miss C's behalf

has said in response, Having done so, I'm satisfied that my remit to consider this complaint is confined to the following points, which I've summarised in my own words:

- BOS didn't give reasonable consideration to payment proposals Miss C made during July and August 2022;
- BOS declined a request for a new interest rate deal when her existing rate expired in February 2024;
- BOS offered Miss C a new rate of 3.8% APR, failed to apply it, and then denied ever having offered it;
- the arrears figure BOS is citing is artificially high because Miss C interest rate - BOS's standard variable rate (SVR) – should have been lower;
- BOS arranged a field agent's visit to her home; and
- BOS contacted Miss C during a 'breathing space' period.

All other elements of the complaint fall outside our jurisdiction because; either

- they were referred to this service more than six months after BOS issued a final response giving six months' referral rights to this service, and I'm not persuaded exceptional circumstances caused the delay; or
- they are new issues that have arisen since this complaint was referred to us, and BOS needs the opportunity to address them first, after which they can be referred to us for separate consideration if need be.

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

That includes all of the submissions Mr C has made in response to the Investigator's follow-up view dated 13 February 2026.

Where there's a dispute about what happened, and the available evidence is contradictory and/or incomplete, we reach our conclusions on what is most likely to have happened on the balance of probabilities. That's broadly consistent with the test used by the courts in civil cases.

It's for us, rather than the parties to the dispute, to decide what evidence we need to reach a fair outcome. It's also for us to assess the reliability of evidence, from both sides, and decide how much weight should be attached to it. When doing that, we don't just consider individual pieces of evidence in isolation. We consider everything together to form a broader opinion on the whole picture.

I'll begin by recognising that in the years since taking the mortgage, Miss C has faced many daunting challenges, on both a personal and financial level. She has been refreshingly open and frank about the problems she's had to deal with. I won't reveal the details here, out of respect for her privacy, but will say that I've great sympathy for Miss C during what has clearly been an immensely stressful time.

BOS didn't give reasonable consideration to payment proposals Miss C made during July and August 2022

As a starting point, I have to keep in mind the guidance that the FCA offers lenders through the Mortgage and Home Finance: Conduct of Business sourcebook (MCOB). Also, it's important to remember that provision of the various potential forbearance options, one of which is a payment arrangement, isn't necessarily obligatory. They are all things that a

lender can consider offering, but isn't required to, if it doesn't consider doing so will be beneficial. It's a question for the lender's judgement.

Context is everything, and at the time in question, no payment had been made for around 18 months, the arrears were in the region of £28,500, and the amount Miss C was proposing to pay each month (£500) was well below the contractual monthly payment due.

I take Mr C's point about borrowers in difficulties paying what they can when they can, and there's nothing wrong with that approach in isolation. But there's a big step between agreeing with the idea that a borrower in hardship should pay what they can when they can, and saying that a lender must agree to accept, in a formal arrangement, payments at a level that can only make a borrower's position worse rather than better. Overall, I can't find that BOS treated Miss C unfairly on this issue.

BOS declined a request for a new interest rate deal when her existing rate expired in February 2024

Events have overtaken this element of the complaint. BOS made an offer in the autumn of 2025, before we commenced our investigation, to allow Miss C to select a new interest rate for her mortgage, either a rate then currently available, or one that would have been available to her at the end of February 2024. If she chose the latter option, BOS said it would backdate the chosen rate to take effect from 1 March 2024, and re-work the mortgage up the settlement date accordingly. It also offered her £500 compensation.

Miss C declined the proposal preferring instead that we look into the complaint. That was her prerogative entirely, but in my view, it was a fair offer. Indeed, it was good enough for me to conclude that any further consideration of the merits of the complaint element by this service would not result in my making a more advantageous award in Miss C's favour.

BOS offered Miss C a new rate of 3.8% APR, failed to apply it, and then denied ever having offered it

I have said above that it's for us to assess the reliability of evidence, from both sides, and decide how much weight should be attached to it. I've closely examined the email and letter Mr C has provided on Miss C's behalf, citing the apparent availability of a 3.8% interest rate. Taking into account the content, format, presentation and timing of these documents, and cross-referencing against BOS's contemporaneous contact records, I'm not persuaded the documents originate from BOS.

I don't know, and don't need to speculate on, where they did originate from, but for the reasons set out above, I'm not persuaded they create an obligation on BOS's part to apply any particular interest rate to Miss C's mortgage.

The arrears figure BOS is citing is artificially high because Miss C interest rate - BOS's standard variable rate (SVR) – should have been lower

The starting point for this element of the complaint is the mortgage offer from 2018; that document set out the rate that would apply once the initial fixed rate expired on 28 February 2024. The specified follow-on rate was BOS's SVR. At the time of the offer, the SVR was 4.29% but by 1 March 2024 it was 7.9%. I can understand that coming as an unwelcome shock to Miss C, but it was neither unfair nor unreasonable. It was what the mortgage contract said would happen when Miss C agreed to enter it. BOS has charged interest at the correct rate permitted by the mortgage contract, and the calculation of arrears reflects that.

In any event, as with the second part of the complaint, BOS has made an offer which, if Miss C accepts it and opts for a back-dated rate, will result in the arrears being recalculated as part of the re-working of the account. That being so, there's nothing for me to award here.

BOS arranged a field agent's visit to her home

A visit was arranged, but it was cancelled the same day. BOS was slow to tell Miss C it had been cancelled, and paid her £150 compensation. In my view, that was fair, and no further action is needed.

BOS contacted Miss C during a 'breathing space' period.

This did happen, but I'm not persuaded that was BOS's error. The breathing space arrangement is setup by a third-party practitioner which then writes to the lender and the borrower simultaneously to tell them when the arrangement starts and finishes. The letters confirming commencement of the breathing space period were dated 17 April 2024, but the letter for BOS was sent by mail rather than electronically as is the norm.

I imply no criticism of the sender for this, and none should be inferred. But it caused a delay in BOS receiving the letter and then registering the letter's contents on its systems. It was during this period that BOS made contact with Miss C. The timing was unfortunate, and I've no doubt it was distressing for Miss C, but as I've stated, for the reasons outlined, it wasn't a mistake on BOS's part, so it would not be fair for me to make an award of redress against the business.

I have great sympathy for Miss C having to endure the truly horrible events she's experienced since taking out the mortgage. But my remit requires me to be objective, impartial, and to decide what is fair, reasonable and pragmatic in all the circumstances of the case. It also means that I'm not required to provide answers to every specific question that comes up if I don't consider doing so will affect the overall outcome.

I know this isn't the outcome Miss C wanted. She's in a difficult situation and has my sympathy. But for all the reasons I've explained, I can't find that BOS's actions were unfair, however unwelcome they might have been.

I will however make a further observation. There's more (and sometimes less) to complaint resolution than simply deciding who's right or who's wrong. It's not just about winning the argument or indeed pursuing each and every thread of the argument to its ultimate conclusion; sometimes it's about compromising to reach a fair conclusion which both parties can accept in a spirit of conciliation. I think I've done that here.

More importantly, I very much hope that both parties can move on from here and resume a sensible dialogue going forward without recrimination over what has gone before. And of course, that begs the question of what happens next.

Even if Miss C accepts the proposed settlement, and chooses a back-dated rate that allows for the mortgage to be re-worked, there will still be a substantial arrears balance. I don't know what BOS's intentions are regarding enforcement of its security over the mortgaged property if an agreement for repayment of the arrears isn't then reached. But clearly that is something it can consider as a next step. It's important to explain here that lenders will generally agree not to pursue recovery action whilst we look at a complaint, but they don't have to, and we can't force them to.

If the Financial Ombudsman Service had that power, it would undermine our impartiality between the parties to a complaint. It would also create the potential for consumers to use our service to bring complaints with the intention of having any legal action put on hold, thereby obstructing businesses that were trying to take action through the courts to recover money legitimately owed by the consumers.

I do not wish to alarm Miss C but I would not want her to be under any misunderstanding that we would tell BOS that it must delay recovery action in the event of any new complaint being raised about the mortgage. It is a matter for a court to decide whether it is appropriate to adjourn or suspend any legal action, not this service.

My final decision

My final decision is that this complaint should be fairly and reasonably resolved by Bank of Scotland plc trading as Halifax:

- allowing Miss C to choose a new interest rate product, either from those for which she is eligible currently, or one that she would have been eligible for on 1 March 2024;
- in the event Miss C opts for the latter, back-date the rate to run from 1 March 2024, and re-work the mortgage account, including the arrears balance, up to the eventual date of settlement; and
- pay Miss C £500.

My final decision concludes this Service's consideration of this complaint, which means I'll not be engaging in any further consideration or discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 15 April 2026.

Jeff Parrington
Ombudsman