

## **complaint**

Mr C is unhappy that he has been contacted by debt collection agents (which I will refer to as M) who are asking him to pay approximately £31,000 for a mortgage shortfall debt owed to Bank of Scotland plc (trading as Halifax). Mr C has been helped in bringing his complaint by Ms B. For ease of reference, I will refer to Mr C throughout.

## **background**

Mr C (and his wife, Mrs C) used to have a mortgage with Halifax on the property they lived in as their home. The mortgage was in their joint names. Unfortunately after their marriage broke up the mortgage fell into arrears and the property was repossessed by Halifax on 11 July 2012. The property was sold at auction on 9 November 2012 for £88,000. This left a shortfall debt of almost £31,000.

I am very sorry to note that Mrs C passed away on 1 October 2015.

Mr C has now been contacted by M on behalf of Halifax, pursuing the shortfall debt. Mr C is unhappy about this. He says that he doesn't believe the amount owed is correct, as his late wife had Payment Protection Insurance (PPI) cover for the mortgage. Despite requests for information and documents, Mr C says that he's received nothing, even after he made a Subject Access Request (SAR).

Mr C says that Halifax and its agents, M, haven't treated him fairly and that he's not been provided with the support he needed when Mrs C passed away. As a single parent, Mr C says that he is entitled to be supported by Halifax and M and treated fairly.

Halifax didn't uphold the complaint. In its final response letter, Halifax explained how the shortfall debt had arisen and that M had been instructed to recover this amount.

Dissatisfied with Halifax's response, Mr C complained to us. An investigator looked at the complaint but didn't think Halifax had done anything wrong. Mr C asked for an ombudsman to review the complaint. He is still unhappy that his SAR hasn't been answered to his satisfaction. Mr C has also said that he's never failed to try to resolve the outstanding debt, but Halifax didn't provide him with any help and instead progressed the matter to M.

Mr C maintains that his wife had PPI for the mortgage, and doesn't accept the investigator's assurance that Halifax has told him there was no such PPI.

## **my findings**

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

First, I would like to express my condolences to Mr C on the loss of his wife. I don't doubt that this has been a stressful time for him. But I must put aside my natural feelings of empathy for him and consider this case on the basis of the available evidence.

Mr C's position is that he believes his wife had PPI which should have covered some, if not all, of the mortgage shortfall debt. He doesn't accept Halifax's confirmation to us that there is no such PPI.

Halifax has confirmed that there was no PPI for this mortgage account. Generally, mortgage PPI policies are 'stand-alone' policies, arranged separately from the mortgage, the premiums for which are paid direct to the insurer (so not part of the mortgage repayment). So I accept what Halifax has said – that it has no record of any PPI connected with the mortgage account.

I think there might have been some confusion on the part of Mr C about what mortgage PPI covers.

Generally mortgage PPI will cover mortgage repayments for a fixed period – generally a year or two – if someone is unable to work due to accident, sickness or unemployment. It is not life insurance, which pays out a lump sum on the death of the insured.

I have been provided with no evidence that Mrs C had taken out a PPI policy to cover the mortgage repayments in the event she became unable to work. But even if she had done so, and had continued paying the premiums on the policy after the property was repossessed and sold (which I think is unlikely), the policy would not have paid out anything at all on her death, as PPI policies do not provide any lump sum death benefit.

So even if Mrs C *had* PPI (and there is no evidence that she did), it would not have provided any payment to cover the mortgage shortfall debt which Halifax is now claiming from Mr C.

I note that Mr C explained to Halifax that at the time of Mrs C's death they were going through a divorce and he had no control over her finances, as her mother dealt with this. But Mr C said he thought the account should have been settled as part of Mrs C's insurance payout after she passed away. It's understandable, given that they were divorcing, that Mr C isn't able to provide details of any insurance policy in Mrs C's name. But, as I stated above, if there had been PPI, it wouldn't have paid out a lump sum to clear the shortfall debt in any event.

From what Mr C has said, I understand that Mr C believes there was an insurance payout, but that Mrs C's mother was dealing with this. If there had been a life insurance policy which paid out a lump sum on the death of Mrs C – and I've seen no evidence to suggest that she did have a life insurance policy – and if that policy paid out a lump sum to Mrs C's mother which Mr C thinks should have been used to pay the mortgage shortfall debt, that's something he'll need to take up with Mrs C's mother.

After considering all the evidence, I'm satisfied the shortfall debt has not been reduced by any insurance payout and remains at about £30,600.

When seeking to recover a debt, Halifax is required to treat consumers positively and sympathetically and to give fair consideration to their proposals to repay the debt. Mr C says that Halifax has failed to offer him support after Mrs C passed away. I've looked at Halifax's contact notes and I'm satisfied Halifax has tried to discuss the matter with Mr C. I don't consider its calls, or the contact from M, to be inappropriate or excessive.

In all the circumstances, I'm satisfied that Halifax is entitled to pursue Mr C for payment of the outstanding debt. Mr C was contacted by M within the required time limit of six years

from when the shortfall arose. There is therefore no basis on which I can conclude that Halifax is acting unfairly.

If Mr C is experiencing financial difficulties, there is free debt advice available from Citizens Advice, StepChange or Shelter. We can provide contact details for those agencies, if Mr C would like us to.

I note Mr C is unhappy that he's not received a satisfactory response to his SAR from Halifax or M. Failure to comply with a SAR falls within the remit of the Information Commissioner's Office, not the Financial Ombudsman Service.

I also see that Mr C's made some further points. He says that the mortgage was sold in 2008 without any assessment of affordability by Halifax, and that in 2012 the property was sold by Halifax for less than it was worth. These are new complaint issues, so I won't be considering them here. Mr C will need to raise these issues with Halifax before we can consider them here, subject, of course, to the time limits set out in our rules.

### **my final decision**

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 27 May 2020.

Jan O'Leary  
**ombudsman**