

complaint

Mrs B complains that Bank of Scotland plc trading as Halifax hasn't treated her fairly when she's been experiencing financial difficulty.

background

Mrs B has a mortgage with Halifax. In 2013 she was made redundant from her job. She received a redundancy payment and a lump sum from her personal pension scheme. She used these payments to live on and by 2016 they had run out.

Mrs B has had a series of part time and temporary jobs. She's paid her mortgage where she can, but has also missed payments and arrears have built up. By early 2018, she was working and paying the mortgage, as well as paying an extra £30 per month by arrangement to reduce the arrears.

Unfortunately, Mrs B's employment was seasonal and so she didn't get paid in the summer. She missed her mortgage payment in August 2018. She told Halifax beforehand that she wouldn't be able to pay it. Halifax said she had broken the agreed arrangement and resumed collections activity. Mrs B still wasn't able to pay her mortgage in September and October. Then she was signed off work with anxiety and depression and hasn't worked since. She's now in receipt of employment and support allowance in addition to a small private pension.

Mrs B complained. She said Halifax hadn't treated her fairly or sympathetically. If it had been willing to agree to help in 2016 or even before then, she might not have ended up in this position at all. And since then and especially from August 2018, it was unhelpful and unsympathetic. It called and wrote to her frequently. She had to speak to lots of different people which was confusing and distressing. She said Halifax was threatening to repossess her property. Now she's receiving benefits, she can afford to start contributing to her mortgage again, and she wants it to consider converting to interest only or agree a reduced payment arrangement.

Our investigator didn't think Halifax had done anything wrong. So Mrs B asked for an ombudsman to review her complaint.

my findings

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

I'm sorry to hear of all the difficulties Mrs B has faced in recent years.. Unfortunately, since she lost her job in 2013, there have been long periods when she hasn't been working and hasn't been able to contribute to the mortgage, beginning after her payouts ran out in 2016 – and especially since the summer of 2018.

Mrs B says Halifax should have done more to help her, both around this time and later, so that she wouldn't have ended up in the position she's in now.

I've looked carefully at everything that's happened, and the history of Mrs B's mortgage. And unfortunately I don't think there's much more Halifax could have done. The root cause of the situation Mrs B finds herself in is that, when she's not working, she can't afford her mortgage.

If, as she says it should, Halifax had given her payment holidays, that would have provided some temporary respite. But it would only ever have been short term – and then Mrs B would have had to start making payments again, as well as catch up with the ones she missed. Halifax did on occasion agree not to take any payments, but that didn't help Mrs B.

Similarly, a reduced payment arrangement provides some temporary respite – but, ultimately, the mortgage does have to be paid. I do appreciate Mrs B was for a long time trying to find more permanent employment, without success. The purpose of a payment arrangement is to provide breathing space while the borrower gets back on their feet and can resume making the payments, as well as catching up with the ones missed. And Mrs B hasn't been able to do that for long periods due to the temporary nature of the work she's been able to find.

An interest only concession has a similar effect – it means Halifax collects reduced payments for a time. But it's not a permanent solution, because Mrs B doesn't have a means of repaying the mortgage capital at the end of the term. And, until recently, even interest only payments weren't affordable for her. Her income has increased now that she's receiving benefits. So an interest only concession may be more affordable in the short term. But once it comes to an end, there's no certainty Mrs B will be able to resume making her full payments, let alone catch up with missed ones. Even having now received her benefits, she can only offer a reduced payment each month. And a term extension is difficult because of her age.

I do understand why Mrs B finds her situation very distressing. I know it's not been easy for her. But the reality, unpleasant as it may be, is that it appears that her mortgage is simply not affordable for her. And while Halifax could have put temporary concessions in place, ultimately I don't think they would have made any difference, since Mrs B still wasn't able to keep up with her mortgage – either on a reduced basis, or once concessions would have ended.

Mrs B says her situation has improved since the complaint has been with us now she's in receipt of benefits. She's offered a payment arrangement short of her full monthly payment. If she has a good prospect of being able to return to work soon and resume her full payments Halifax may be able to consider something. That's a discussion the two of them will need to have in Mrs B's changed situation. And if no agreement can be reached, Halifax will need to continue to treat Mrs B fairly in deciding what further action to take. But as things stand, and looking at what's happened in the past, I don't think I can fairly uphold this complaint.

my final decision

For the reasons I've given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 28 November 2019.

Simon Pugh
ombudsman