

The complaint

This complaint arises out of Mr and Mrs S's mortgage with Bank of Scotland Plc trading as Halifax.

Mr and Mrs S have complained that, due to delays and difficulties in speaking to a mortgage adviser (MA) at Halifax in late September 2022, they lost out on the interest rate product they had chosen. They had to take a higher interest rate product, which was the lowest rate available at the time.

What happened

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr and Mrs S being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

Briefly, Mr and Mrs S have a mortgage with Halifax, taken out in 2020. It was on a fixed rate until 31 March 2023. In September 2022 Mr and Mrs S wanted a new interest rate product on their mortgage, to run from when their existing rate ended. They spoke to Halifax on 29 September 2022 and said they wanted the 3.47% fixed rate. Mr and Mrs S were told they'd need to speak to a MA. They were given a reference number. Mr and Mrs S called Halifax again on 30 September 2022, but call volumes were very high and after four hours, the call was disconnected.

Eventually on 1 October 2022 Mr and Mrs S were able to speak to a MA. However, the interest rate product they'd initially wanted (a five-year fixed rate at 3.47%) was no longer available. Instead the next best rate was a five-year fixed rate at 4.4%. Mr and Mrs S accepted the 4.4% rate but complained. They said they had already reserved the 3.47% product, as they were given a reference number for it, and so wanted Halifax to honour that rate.

Halifax said that it wasn't able to do so. The bank explained that it had been experiencing unprecedented call volumes, due to customers wanting to fix a new rate. By the time Mr and Mrs S had spoken to the MA, the 3.47% rate wasn't available. Halifax said that the reference number they'd been given was simply to enable the next person they spoke to easy access to the case notes, without Mr and Mrs S having to repeat themselves. It wasn't a confirmation that the rate had been reserved.

Dissatisfied with Halifax's response, Mr and Mrs S complained to our service. An investigator looked at what had happened but didn't think the complaint should be upheld. Mr and Mrs S disagreed and asked for an ombudsman to review the complaint.

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.

In late September/early October 2022 Halifax was experiencing an unprecedented number of calls. This was as a result of a 'mini-budget' by the then Chancellor of the Exchequer which had taken place on 23 September 2022, and which threw the financial markets into turmoil, with an increase in Bank of England Base Rate and a knock-on effect on mortgage interest rates. Consequently, large numbers of customers tried to secure a new product before mortgage interest rates increased any further.

I've noted what Mr and Mrs S have said about how long they had to hold on the telephone on 30 September 2022, and that their call was cut off after four hours. I'm not persuaded, however, that this is Halifax's fault; it is more likely than not that the call was disconnected by the mobile network.

Overall, whilst I acknowledge Mr and Mrs S's frustration, I'm not persuaded Halifax did anything wrong. There was no mortgage offer for the 3.47% five-year rate, because by the time Mr and Mrs S managed to speak to Halifax, that rate had been withdrawn. Simply selecting the desired product is not the same as making an application for it. With a fixed-rate product, the bank borrows a funds in the wider markets so it can lend that money to customers at a particular rate of interest. Individual customers apply for a tranche of these funds and once all the tranches have been applied for, the product is withdrawn. This is demand-led, and so it is literally a case of first-come, first-served.

I'm satisfied that the reference number Mr and Mrs S were given was not to reserve the product, but simply to enable the next call handler to access their case notes more easily. There was no formal application for the 3.47% product because, by the time Mr and Mrs S spoke to the MA on 1 October 2022, the rate was no longer available. Front-line staff are not told in advance when a rate will be withdrawn; as I said above, it is demand-led.

I fully acknowledge that Mr and Mrs S are unhappy that they have had to take a new interest rate product at a higher rate than the one they'd wanted. But overall I'm not persuaded Halifax is at fault, or is under any obligation to switch Mr and Mrs S's mortgage onto the 3.47% five-year product. The difficulty in getting through to Halifax was as a result of events outside the control of the bank and so, whilst I acknowledge Mr and Mrs S's disappointment, I'm unable to find that Halifax has acted unfairly or unreasonably.

My final decision

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

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to

accept or reject my decision before 10 January 2024.

Jan O'Leary
Ombudsman