

The complaint

Mr H has a mortgage account with Bank of Scotland trading as Halifax. In July 2021 Mr H complained to the bank that, in November 2017, Halifax destroyed a letter saying he was entitled to a refund of interest on his mortgage.

To put things right, Mr H wants Halifax to remove the interest on his mortgage, as per the letter he says he'd received. Mr H now calculates this at more than £40,000.

Mr H is represented in the complaint by an adviser, but for clarity I will refer to Mr H throughout.

What happened

Mr H raised other complaint issues with us but on 19 September 2023 I issued a decision explaining why I will only be considering the above issue, as well as arrears on the account since January 2021.

I do not need to set out the entire history of the matter. The details of the complaint are set out in correspondence so there is no need for me to repeat them here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr H being identified. So for these reasons, I will instead concentrate on giving the reasons for my decision.

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.

Letter from November 2017: Mr H says that he received a letter from Halifax in November 2017 advising him that he was due a refund of interest. Mr H says he spoke to a member of staff in his local branch, a Mr C, in November 2017, who advised Mr H that he was due a refund of mortgage interest amounting to £36,000.

Mr H says he went back into the branch to arrange for the refund to be made, but Mr C was no longer there. Mr H says he then spoke to a female member of staff, who reviewed his documentation and returned it to him, but without the November 2017 letter, which Mr H believes she shredded.

Halifax's position is that no such letter was sent, and that in any event Mr C, as a branch employee (not a manager) had no authority to authorise the removal of £36,000 in interest from Mr H's mortgage account.

I've looked at the records for Mr H's account. Every time a letter is sent, it leaves a digital footprint in Halifax's records. The records show that a refund of charges was made to the account of £406.34 on 8 November 2017, and a letter confirming the refund and the reason for it was sent to Mr H that same date. However, there is no record of a letter sent in

November 2017 (or, indeed at any other time) stating that Mr H was due a refund of the interest on his mortgage.

I've thought about whether there is anything else that might support what Mr H has said about this, and whether, on the balance of probabilities, such a letter was sent.

In this context, I note Mr H has made several previous complaints both to Halifax and to our service about his mortgage account since November 2017. In particular I note that Mr H brought a detailed complaint to our service in 2018 about his mortgage, when he was unhappy that he had an interest-only mortgage, and believed the balance was incorrect. Mr H believed that, rather than the £93,000 Halifax said he owed, the balance should be around £50,000.

In a letter dated 28 August 2018, our adjudicator explained that the mortgage, taken out in 2002, was part-repayment, part-interest-only, over a term of 25 years. The investigator set out the history of the account, including where Halifax had put in place payment arrangements, capitalisation of arrears and payment holidays, and where Mr H had taken a product transfer in March 2017. The investigator was satisfied that the mortgage balance had not decreased as Mr H had hoped because not all payments had been made in full and on time, and that arrears had been capitalised, which increased the mortgage balance.

I note that during this complaint in 2018 there is no mention of the issue Mr H is now raising in this current complaint – which is that he'd received a letter in November 2017 from Halifax saying that the bank would remove his mortgage interest, that he went into the branch to arrange this and he believes the letter was shredded.

I find it surprising that Mr H made no mention of this in 2018 when we looked at his earlier complaint. That complaint was brought to us only a few months after the date when Mr H says this happened. Given that the amount of money Mr H says is involved is quite a substantial sum – £36,000 in 2017 – and that the event allegedly happened so close in time to when Mr H contacted us, I would have expected him to have mentioned this in 2018 rather than several years later.

Whilst I acknowledge Mr H's strength of feeling about this matter, the evidence does not persuade me that Halifax sent Mr H a letter in November 2017 offering to remove his mortgage interest. I also think it is unlikely that Mr C would have told Mr H that he would arrange this, as Mr C had no authority to do so. I am also not persuaded that Halifax shredded documentation; there would have been no benefit to the bank in doing this because, as I said above, if such a letter had been sent, there would have been a digital record of it in any event so it could easily be restored.

In the circumstances, I'm unable to uphold this part of the complaint.

Arrears since January 2021: I am told that there is about £1,000 in arrears on the account, which arose prior to January 2021. I am pleased to note that Mr H has the support of an adviser to help him with this matter. Halifax is aware of its regulatory obligations to help vulnerable customers, and that it should put in place suitable arrangements to help customers in arrears. In the circumstances, it might be helpful for Mr H's adviser to contact Halifax to see what can be done to assist in clearing the current arrears. If Mr H has been able to make twelve consecutive full payments, I note Halifax has said that it might be possible to capitalise the arrears.

There are, of course, implications for the account if arrears are capitalised – a higher balance and higher repayments – so it is important Mr H gets advice about this and what the impact might be for him. But from what Halifax has told me, it appears the bank is sympathetic to helping Mr H with his current arrears.

I've not been able to identify any errors in the way Halifax has dealt with Mr H's account since January 2021. I therefore don't uphold this part of the complaint.

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 correspondence about the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 October 2023.

Jan O'Leary
Ombudsman