

The complaint

Mr and Mrs L have an interest only mortgage with Bank of Scotland plc (trading as Halifax) ("Halifax"). They complain that Halifax won't extend the term of their mortgage.

What happened

Mr and Mrs L have an interest only mortgage that expired on 31 July 2022. They weren't in a position to repay the balance of the mortgage at the end of its term. After a number of discussions Halifax extended their mortgage until 7 March 2023 to give them time to consider their options. Halifax has now asked Mr and Mrs L to repay their mortgage and said they will look to repossess the property if they don't do so.

Mr and Mrs L don't think Halifax has treated them fairly. They say they kept up with their repayments during the term of the mortgage, have significant equity in their property and have also made overpayments to reduce the amount they owe. As things stand today they want Halifax to extend their mortgage for another year to give them time to explore all the possibilities open to them and avoid having to apply for a lifetime mortgage to repay what they owe.

Halifax said it hadn't done anything wrong. It says it isn't prepared to extend Mr and Mrs L's mortgage further as they haven't provided it with evidence that they'll be able to repay what they owe at the end of the mortgage extension.

Our investigator looked into what happened. He didn't think Halifax had acted unreasonably.

Mr and Mrs L remained unhappy and asked for their complaint to be reviewed by an ombudsman, so it has been passed to me to decide.

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.

Having done so I don't think this complaint should be upheld. I'll explain why.

I'll begin by saying that when Mr and Mrs L took out their mortgage, they agreed to repay the balance at the end of the term in July 2022. So it's reasonable that Halifax expected them to do that. Halifax wasn't required to extend their mortgage. However, it needed to consider any requests Mr and Mrs L made to extend their mortgage fairly and reasonably.

Halifax has told us that in July 2022 Mr and Mrs L told them they were looking to re-mortgage with another lender. So it put the mortgage on hold until mid-August 2022. In early August 2022 Mr and Mrs L told it they weren't able to do that so Halifax put the mortgage on hold for another three months to give them time to speak to an independent financial adviser. After this Mr and Mrs L asked for a five year mortgage extension. They said they were waiting for money to come through from a project/investment. But they didn't provide evidence to support what they'd said. Halifax extended their mortgage until March 2023 but

are still unwilling to extend the mortgage (even for a year) unless Mr and Mrs L can provide documentation to show that they will be able to repay the mortgage in that time.

I don't think Halifax has acted unreasonably in the way that it has handled this matter. I can see that it has effectively extended Mr and Mrs L's mortgage for a year since it expired in July 2022. It did this to give them time to explore their options and provide it with evidence to show that they'll be in a position to repay it in full at the end of an extended term.

Mr and Mrs L haven't been able to show this. They've said that they're involved in a sensitive international project that will provide them with a significant amount of money in the future. They've provided some details: they've said they are owed a significant amount of money from the project, that they earn £1,000 a month from it and expect dividends in the future. However, they haven't been able to provide any documentation to support what they've said. So I can understand why Halifax has declined to extend the mortgage further.

I don't underestimate Mr and Mrs L's strength of feeling about this issue. They've told us about the impact this is having on their health and wellbeing, and how they don't want to have to take a lifetime mortgage out until they've explored all other possibilities. However, I don't think Halifax has done anything wrong for the reasons set out above. So while I expect Mr and Mrs L will be disappointed by my decision, I'm afraid I don't uphold this complaint.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs L to accept or reject my decision before 15 August 2023.

Laura Forster
Ombudsman