

## **The complaint**

Mr E and Miss B complain that Bank of Scotland plc (trading as Halifax) didn't remind them that their fixed interest rate was ending on their mortgage and of their ability to re-mortgage three months ahead of maturity. As such they say they missed the opportunity to secure a better deal sooner before interest rates increased.

## **What happened**

Mr E and Miss B are mortgage customers of Bank of Scotland plc (trading as Halifax). Their mortgage was fixed on an interest rate of 1.99% until 31 October 2022. Thereafter their mortgage would revert to Halifax's Standard Variable Rate (SVR).

Halifax wrote to Mr E and Miss B on 1 October 2022 to remind them that their fixed rate was coming to an end and that their new monthly payments would change from November 2022.

On expiry of their deal, Mr E and Miss B re-mortgaged to a new three-year fixed interest deal. Their new rate is fixed at 3.69% until 31 January 2026.

Mr E and Miss B complained that Halifax didn't provide sufficient notice that their rate was ending. They say that they should have been reminded that they could have fixed a new interest rate three months ahead of maturity. Had this happened they would have been able to secure a lower interest rate at that time.

Unhappy with Halifax's response to their complaint, Mr E and Miss B came to our service. An investigator looked into things and explained why he didn't think Halifax had got things wrong. He didn't recommend the complaint should be upheld. Mr E and Miss B remained unhappy and asked for a final decision from an ombudsman.

## **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.

When considering what is fair and reasonable in all the circumstances of this case, I'm required by DISP 3.6.4R of the Financial Conduct Authority's ("FCA") Handbook to take into account the relevant law, regulations, and good industry practice, when reaching my decision.

In line with the relevant mortgage regulations set by the Financial Conduct Authority (FCA), in the Mortgage and Home Finance: Conduct of Business Sourcebook (MCOB), there are certain rules that lenders must adhere to.

The relevant sections of the rules state that a lender must provide clear, fair and not misleading information about the terms of the mortgage. Lenders must also give customers reasonable notice in advance of their payment amount changing.

While I do accept it can be considered good practice for lenders to write to their customers in advance of their fixed rate deal ending, reminding them of their options to explore rates sooner, there is nothing in the mortgage regulations that says a lender must do this.

In relation to the regulatory obligations Halifax was required to adhere to, I'm satisfied it did meet the relevant requirements.

The 2017 mortgage offer clearly explained the interest rate applicable to Mr E and Miss B's mortgage – that this would be fixed until 31 October 2022 and then revert to Halifax's SVR. So, at the point the mortgage was taken, Halifax provided Mr E and Miss B with clear information about their interest rate and what would happen with the interest rate once their fixed term ended. The annual statements sent to Mr E and Miss B also set out the interest rate applicable to their mortgage and when their fixed interest rate ends.

So, when taking all of this into account, I'm satisfied that Halifax provided Mr E and Miss B with clear, fair and not misleading information about the terms of the mortgage and the conditions of their fixed rate product - and so it fulfilled its obligations in that respect.

Halifax also wrote to Mr E and Miss B on 1 October 2022, one month before their monthly payment amount was due to change upon potential reversion to the SVR. So again, Halifax met the necessary obligation by sending a notification of the upcoming payment changes. Mr E and Miss B's complaint however is that Halifax ought to have written to them sooner giving them the option of securing a new interest rate in advance of maturity.

It appears from Halifax's contact notes that Mr E said he was aware of their ability to explore new interest rates three months ahead of expiry and I can see that they've been through the re-mortgage process with Halifax on previous occasions before. In their opinion it's the lender's responsibility to remind customers of this option as it shouldn't be up them to remember and actively check this themselves.

Mr E and Miss B also say that they were previously told that it was because they weren't signed up to receiving marketing material from Halifax that they weren't sent a reminder letter sooner, and that isn't fair. Halifax has confirmed to our service that isn't the case. Its process is to write to all their customers one month before their rate matures, so Mr E and Miss B haven't been treated differently to other customers.

For reasons I've explained, Halifax has met the requirements as set out in the regulations. There's nothing in the rules that say it must specifically write to its customers in advance of their rate maturing to offer re-mortgage options ahead of time. And for that reason, even if Mr E and Miss B were told that it was due to their marketing preferences that they didn't receive such letter, that isn't enough for me to uphold this complaint or suggest that Halifax should honour a backdated rate switch. It's also not unreasonable for the nature of marketing material to change from time to time and there may be occasions when Halifax chooses to alter the nature of letters it sends to its customers, but at the very least it's expected to keep customers informed and updated as per the minimum requirements set out in the regulations – which it has done.

For reasons I've explained, I'm satisfied Halifax has acted in accordance with the relevant rules and regulations and I've seen nothing to suggest its treated Mr E and Miss B unfairly. I know this will come as a disappointment to Mr E and Miss B, but I've seen nothing that suggest this complaint should be upheld.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E and Miss B to accept or reject my decision before 11 August 2023.

Arazu Eid  
**Ombudsman**