

The complaint

Mr and Mrs S complain they were told, when their lending moved to Bank of Scotland plc trading as Halifax Building Society, that the entitlement to payment deferrals under their mortgage agreement would reset, so they would be able to take further deferrals in future.

What happened

Mr and Mrs S originally took out a mortgage with a different lender, but in late 2020 their mortgage was moved to Halifax, when Halifax took on responsibility for a sizeable number of that old lender's mortgages.

Mr and Mrs S's mortgage agreement says that they may take up to six months of payment deferral, sometimes called a "payment holiday", over the lifetime of their mortgage.

Halifax says that Mr and Mrs S have taken six months of contractual payment deferral, plus six months of payment deferral available under the exceptional arrangements put in place for the coronavirus pandemic. Mr and Mrs S don't appear to dispute this.

But Mr S says he was told by Halifax that his entitlement to payment deferrals under the mortgage agreement had been reset, as part of moving this mortgage to Halifax, so he could have further deferrals. Mr S said when he asked about a payment deferral in December 2022, he was at first told he couldn't have one, then Halifax got back in touch to say he could, then it rang again, a few days later, to say sorry, but he couldn't.

Mr S complained about the misleading advice he'd been given. Halifax accepted it had made a mistake in telling Mr S recently that he might be able to get a further payment deferral. That was wrong, the previous payment deferrals on the mortgage wouldn't be disregarded just because of the change of lenders. And Mr S had used all the payment deferrals available under the mortgage agreement. So Halifax said it was sorry about the wrong information. It offered £150 to make up for the disappointment.

Mr S didn't accept that. At the time, he asked for compensation equal to two months of mortgage payments (which he said would be almost the same as a new payment deferral) but Halifax wouldn't pay that. Mr S asked our service to look into this complaint, and said he now wants Halifax to agree to offer him payment deferrals in the future, if he does need them. But Halifax told us it still wouldn't do that. It would only pay the £150 it had offered.

Our investigator didn't think this complaint should be upheld. He agreed Mr and Mrs S had received poor service, because they had been given wrong information, but he didn't think that meant Halifax had to provide the payment deferrals it had wrongly suggested they would be able to take. Our investigator said the £150 that Halifax offered was in line with what he would expect.

Our investigator noted that whilst Mr and Mrs S weren't currently able to have a payment deferral under the relevant term of their mortgage, he would expect that if Mr and Mrs S

were ever in financial difficulties, Halifax would show reasonable forbearance and provide any support available in line with the Financial Conduct Authority guidance

Mr and Mrs S didn't agree. They said if they couldn't have payment deferrals in future, they wanted additional compensation for the incorrect advice they'd been given over the past two years. They said the wrong advice had caused them a great deal of stress, so they felt that Halifax should pay £1,000 in compensation. But Halifax still thought its offer was fair. Halifax said that if Mr and Mrs S were struggling, or anticipating financial struggles, they could speak to it. Halifax said it would like to assist them.

Because no agreement was reached, this case was passed to me for a final 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.

I've reached the same overall conclusion on this complaint as our investigator.

I'm satisfied that Mr and Mrs S have used the maximum available number of payment deferrals, under their mortgage agreement. And I can see nothing to suggest that this allowance, as Mr and Mrs S have described it, ought to have reset when their mortgage lending moved to Halifax.

I agree with our investigator, that it's unfortunate Mr and Mrs S were wrongly advised future payment deferrals would be available to them. I can see Halifax accepts it made a mistake about this.

When I can see a bank has made a mistake, I have to think about the position Mr and Mrs S would have been in, if that mistake hadn't been made. I think the mistake here was telling Mr and Mrs S that they could have further payment deferrals, when they couldn't. And if that mistake hadn't been made, Mr and Mrs S wouldn't have been disappointed when they found out they couldn't have a payment deferral after all.

I don't think it would be fair and reasonable, in the circumstances of this case, to ask Halifax to offer a future payment deferral, or to pay £1,000 in compensation, to make up for the disappointment Mr and Mrs S have experienced. Like our investigator, I think that the offer of £150 that Halifax made does provide a fair and reasonable outcome to this complaint.

I understand Mr and Mrs S rejected this payment, and it hasn't been made, so I'll ask Halifax to pay that now. But I'll allow Halifax to count towards that award any payment it has already made for this complaint, in case Mr and Mrs S changed their minds more recently.

I know Mr and Mrs S will be disappointed, but I don't think Halifax has to do more than that.

My final decision

My final decision is that Bank of Scotland plc trading as Halifax Building Society must pay Mr and Mrs S £150 in compensation. Bank of Scotland plc trading as Halifax Building Society can count towards that amount any payment it has already made to Mr and Mrs S for this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 7 August 2023.

Esther Absalom-Gough
Ombudsman