

The complaint

Mr and Mrs B complain that Bank of Scotland plc trading as Halifax told them they could port their mortgage to a new property. But then when they asked to do so, they were refused. They told us they had to pay their mortgage off, which led to financial difficulty for them.

What happened

Mr and Mrs B explained that for personal reasons, they needed to move home. They spoke to Halifax in November 2021, and said it confirmed their mortgage was portable. They found a new property, and moved ahead with the sale. But they said in April 2022, just a couple of weeks before the sale, Halifax said they couldn't port their lending after all.

Mr and Mrs B said they then had no option but to borrow the same amount that they'd previously had outstanding on their mortgage, about £16,000, from family to make sure they didn't lose their sale and purchase. And they said even though Halifax had turned down their request to port their mortgage, it then sent them a mortgage promise letter.

Mr and Mrs B said they were now heavily in debt, not able to pay back what they had borrowed, and very stressed by what had happened. They wanted Halifax to pay back the £16,000 they'd paid to redeem their mortgage, due to the trauma they'd experienced, and were continuing to go through.

Halifax said it felt it had made a mistake when it first spoke to Mr and Mrs B in November 2021. It said it should have advised Mr and Mrs B then to talk to a mortgage advisor, and asked them to check the terms of their mortgage offer, so they were more aware of the conditions for porting. Halifax said it would pay Mr and Mrs B £100 because it hadn't done that. But Halifax said it wasn't able to lend to Mr and Mrs B, at the time when they wanted to move. The mortgage promise letter that it had sent them was just an illustration of how much they might be able to borrow. It wasn't actually a firm offer to lend to them.

At first, our investigator thought this complaint should be upheld, and Mr and Mrs B's mortgage should be reinstated. Mr and Mrs B agreed with that, but Halifax didn't.

Halifax drew our investigator's attention to the terms under which it allows customers to port, or in other words, take their existing interest rate to a new mortgage. It stressed that these terms require customers who want to port to make a new mortgage application. And that application will be assessed in line with Halifax's lending policy at the time. Halifax showed that Mr and Mrs B's previous mortgage offer included this wording.

Halifax said when it checked whether Mr and Mrs B could afford to borrow against their home, it would only lend them £14,595. And Halifax's mortgages at the time all had a minimum loan of £25,000, more than it thought was affordable for Mr and Mrs B. So Halifax couldn't give them a mortgage.

Our investigator then changed her mind. She said Halifax's decision had been made in line with its lending criteria. What Mr and Mrs B wanted just didn't meet those criteria at the time.

And Halifax's decision to decline Mr and Mrs B's porting application was fair and reasonable. But she thought Halifax could've given Mr and Mrs B clearer information about their ability to port when they first contacted it. She said this mistake caused Mr and Mrs B undue upset. So she said Halifax should increase its offer, and pay Mr and Mrs B a total of £200 in compensation.

Halifax agreed with that, but Mr and Mrs B didn't. Their representative said they were devastated, and our service had let them down. She queried how our service had reached two different views, within a short space of time. Mr and Mrs B wanted their complaint to be considered by an ombudsman, so this complaint 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 understand that this has been a very difficult experience for Mr and Mrs B, which has been compounded by the distressing decline in health they've both experienced since moving. And I've been very sorry to hear about how this has affected them. But in deciding this complaint, I first have to consider to what extent it's fair and reasonable to hold Halifax responsible for what's gone wrong.

I've listened to the relevant calls that Mr and Mrs B had with Halifax, in November 2021, and in April 2022.

I can hear that Halifax didn't give Mr B full advice on the call in November 2021. I think, as Halifax suggested, Mr and Mrs B should have been told then that they ought to talk to a mortgage advisor, and to consider the terms of their existing mortgage, so that they were aware they would need to make a new mortgage application if they did want to move house. Although Mr B does only seem to have been seeking to have a conversation in quite general terms at this stage, I do think it would have helped if he'd been signposted to more detailed sources of advice.

I then listened to the second call Mr and Mrs B had with Halifax, in April 2022. Mr and Mrs B said then that their move was imminent. This call happened on 19 April, and Mr and Mrs B then redeemed the mortgage on 28 April. Mr and Mrs B also told us that any delay to their sale and purchase would have meant their chain was in grave danger of collapse.

Halifax has shown us that it only allows its customers to port a mortgage where they've completed a new mortgage application. So Halifax would have needed to ensure that it was comfortable lending to Mr and Mrs B, and that it was satisfied their new home provided appropriate security for that lending. This does usually take a little time.

Mr and Mrs B do appear to have been aware that they were asking Halifax for help very late in the day. They told its mortgage advisor on this call, that they hadn't been planning to move their mortgage. They'd been planning to pay off the mortgage and finance their move with an estate settlement they were expecting. They had recently found this wouldn't be paid in time, and they wouldn't have enough cash to pay for their move now, although they were still expecting this money to be released in the near future.

Mr and Mrs B were told on this call that Halifax didn't think it's minimum lending amount was affordable for them. As Halifax wouldn't let them take out new lending, that meant they

couldn't port their existing mortgage. If they still wanted to move, the mortgage would have to be paid off.

I know that Mr and Mrs B then felt they were in a desperate situation. They felt they had to go ahead with their sale and purchase, and find the money by borrowing from family. I understand this was upsetting for them, and made worse by the timing of this discovery. But I do think this was a fair and reasonable decision for Halifax to have taken, considering its criteria for mortgage porting. And I don't think it's Halifax's fault that Mr and Mrs B only found out it wouldn't lend to them so close to their sale and purchase. Unfortunately, I would also say that it was always unlikely that Mr and Mrs B could have arranged to port their mortgage in the time they apparently had available.

So I do think Halifax could have done more, on the call it had with Mr B in November 2021. But ultimately, I don't think it made a mistake in April 2022, when it decided not to lend to Mr and Mrs B. Considering all the circumstances of this case, I do think Halifax should pay a little more compensation, as our investigator suggested, to make up for only giving partial advice in November 2021. But I don't think Halifax has to reinstate their mortgage, or simply pay them the amount they've apparently borrowed elsewhere.

I think a total payment of £200 would provide a fair and reasonable outcome to this complaint. I understand Halifax has already paid £100, and if that's right, then that means Halifax would pay a further £100 now.

I know Mr and Mrs B 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 must pay Mr and Mrs B a total of £200 in compensation. Bank of Scotland plc trading as Halifax can count towards this award any money it has already paid to Mr and Mrs B for this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 4 August 2023.

Esther Absalom-Gough

Ombudsman