

## **The complaint**

Miss A gives several reasons why she's unhappy with the service she's received from Bank of Scotland plc (trading as Halifax). The core of her complaint is that she says Halifax wrongly recorded arrears markers on her account, making her unable to apply for a new interest rate since 2012. Miss A wants Halifax to retrospectively apply the lower interest rate(s) available to her since then and refund her the difference in the overpayments she believes she's made.

## **What happened**

Miss A took an interest only mortgage with Halifax in 2009. She agreed to a fixed interest rate of 4.34% for three years until 31 July 2012, after which her mortgage reverted to Halifax's standard variable rate (SVR). Miss A remained on the SVR until September 2022. At this time, she called Halifax in response to a letter she received inviting her to explore other possible lower interest rates.

During the call, Halifax mentioned a historic arrears marker on Miss A's account. The internal marker was removed during the call and the application for a product switch took place. Miss A opted for a five-year fixed interest rate (the 're-mortgage').

On 6 October 2022 Miss A called to complain to Halifax. She said that the arrears marker, that was previously mentioned to her, had prevented her from obtaining a lower interest rate sooner. Miss A has also raised other issues – about events dating back to 2011, how the re-mortgage was arranged in 2022 and the application of overpayments to her account. Halifax answered the complaint and upheld it in part.

Halifax accepts that it got things wrong when completing Miss A's re-mortgage. Halifax said that it completed a recalculation to take into consideration the overpayments made by Miss A. The agent accidentally put the mortgage into arrears, this in turn generated arrears letters and the reporting of a missed payment to the credit reference agencies. Halifax corrected Miss A's account and amended her credit file reporting. It paid her £200 compensation for this issue.

Unhappy with Halifax's response, Miss A brought her complaint to our service. An investigator looked into things and explained why she could only consider events dating back six years before the complaint was made. Miss A accepted that and so the investigator went on to provide her findings on this part of the complaint.

In doing so, the investigator didn't recommend that the complaint should be upheld. She said that Halifax has accepted its recent mistake and it has done enough to put things right. She didn't agree that Miss A was prevented from obtaining a new interest rate sooner than she did. She said that although Halifax had recorded internal arrears markers on Miss A's account, this would not have prevented her from obtaining a new interest rate. There is no evidence to suggest that Miss A applied for and was refused a new interest rate before 2022. The only thing that would have prevented Miss A from applying for a new interest rate online was the type of account she held – on interest only terms.

Miss A remained unhappy and asked for the case to be decided by 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.

I've given careful consideration to all the submissions made by both parties, but I won't address each and every point that has been raised. I'll focus on the matters that I consider most relevant to how I've reached a fair outcome – in keeping with the informal nature of our service.

There is a historical dispute relating to how the potential arrears on Miss A's account derived, dating back to around 2011. Miss A says that her account fell into arrears at this time because of incorrect information she says she was given about the payment holiday process. As explained by our investigator, our service is not able to consider Miss A's complaint about events that occurred more than six years before the issues were raised. This particular complaint has also already been considered by our service in 2013. Miss A accepts that our service can only consider part of her complaint about events occurring in the last six years.

Miss A called Halifax to ask for a new interest rate for the first time in September 2022. She said she was prompted to call after recently receiving a letter informing her that she may be able to lower her mortgage payments. During the call she was told about an arrears marker on her account. I've listened to the call and it's clear the advisor assured Miss A that the marker relates to historic arrears only – her account is not currently being reported as being in arrears. The marker was removed during the call and the application went ahead and was accepted.

Around 10 days later, Miss A called back to say that she had been trying to apply online for a new interest rate for several years, but the marker was preventing her from doing so. It's at this point she raised a complaint about this issue. This is not something she'd raised before.

I appreciate it may have been concerning for Miss A to hear about the marker on her account. But after considering everything, I'm satisfied the *historic* arrears marker had no bearing on her ability to obtain a new interest rate sooner. This was simply an internal marker – not something that is shared with external credit reference agencies. Miss A's account has been in credit since 2014 and reflected that way with the credit reference agencies. I appreciate Miss A challenges the nature of the arrears dating back to 2011. But as explained that's not something I can consider here as part of this decision.

It's unclear if and when Miss A tried to apply for a new interest rate online, but in any event as per Halifax's policy, irrespective of an arrears marker on her account, Miss A would have always had to speak to an advisor to secure a new interest rate on her interest only mortgage.

The relevant section of Halifax's website says *"If you have any interest only borrowing and you are looking for a new deal, you must have a repayment plan in place and apply over the phone or in branch. We may ask you to provide suitable documentary evidence."*

So, all customers with interest only borrowing, looking for a new interest rate would need to speak to a mortgage advisor to proceed. Miss A was being treated the same as other customers in a similar situation.

I appreciate Miss A's unhappy that she's been paying the SVR for several years beforehand.

I've seen no record of any declined applications to date, and I can't reasonably hold Halifax responsible for her not calling to ask for a new interest rate sooner. Had she done so, I've not seen anything to suggest her application wouldn't have been accepted sooner. I'm persuaded any agent would see that the account was in credit and not in arrears and the historic marker (from several years ago) would have no bearing on obtaining a new interest rate.

Halifax accepts that there was an issue with arranging Miss A's new payments on the new interest rate. This caused arrears to be incorrectly reported. When Miss A raised her concerns with Halifax on 22 November 2022, she was told the account would be rectified and any adverse information removed from her account and credit file. In its final response letter, Halifax upheld this part of Miss A's complaint and paid her £200 compensation.

I think this is fair and reasonable in the circumstances considering Halifax rectified the incorrect reporting within a reasonable timeframe and I'm unaware of any extended impact on Miss A. I've considered all the other reasons why Miss A says she's unhappy with the service she's received from Halifax. Having done so, I've seen nothing further to suggest that her re-mortgage wasn't completed appropriately or that Halifax has acted unfairly or unreasonable in relation to any of the other issues raised.

### **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 Miss A to accept or reject my decision before 7 February 2024.

Arazu Eid  
**Ombudsman**