

## **The complaint**

This complaint is about a mortgage Mr and Mrs M hold with Bank of Scotland plc trading as Halifax. It's a follow-up to an earlier complaint about how a mortgage sub-account which was meant to have a zero balance, came to be recorded as having a nominal debit balance. That earlier complaint has been the subject of a final decision from an ombudsman colleague. This follow-up complaint is that when Mr & and Mrs M made a payment to clear the nominal balance, Halifax wrongly credited it to the main account instead of the sub-account.

## **What happened**

The broad circumstances of this complaint are known to Mr and Mrs M and Halifax. I'm also aware that the investigator issued a detailed response to the complaint, a copy of which has been sent to all parties, and so I don't need to repeat all the details here. Our decisions are published, and it's important that I don't include any information that might result in Mr and Mrs M being identified. Instead I'll give a brief summary in my own words, rounding the figures, and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

Mr and Mrs M's mortgage accounts made up of several linked sub-accounts, one of which is non-interest bearing, and should operate with a zero balance. They raised a complaint after the sub-account was shown to have an outstanding balance of just over £2. That complaint was referred to this service; meanwhile, Mr and Mrs M visited their local branch and made a payment to clear the balance and restore the sub-account balance to zero.

Unfortunately, the payment was wrongly credited to the main account, prompting another complaint. Halifax accepted it had made a mistake, and remedied it by switching the payment over to the sub-account and offering Mr and Mrs M £50 compensation for their time and trouble.

Mr and Mrs M contacted us; we set this up as a separate complaint from the first, albeit it was looked at by the same investigator. We also, at Mr and Mrs M's request, re-opened the first complaint after Halifax sent them a reconstruction spreadsheet of the mortgage as a whole which they say showed further anomalies.

In June 2023, the investigator issued a view addressing both complaints. On the first, she remained of the opinion that Halifax had dealt with it reasonably and didn't recommend it take any further action. That complaint was referred for review by an ombudsman, and a final decision was issued on 4 July 2023.

On the current complaint, which is solely about Halifax crediting Mr and Mrs M's payment at the branch to the wrong sub account, the investigator again took the view that Halifax had done all it needed to do to put things right. Mr and Mrs M also asked for this case to be reviewed by an ombudsman, and it has come to me to do that.

## **What I've decided – and why**

I'll start with some general observations. We're not the regulator of financial businesses, and we don't "police" their internal processes or how they operate generally. That's the job of the Financial Conduct Authority (FCA). We deal with individual disputes between businesses and their customers. In doing that, we don't replicate the work of the courts.

Having no regulatory function means it's not open to me to tell Halifax how to set up and operate the various linked sub-accounts that make up a mortgage. I also have no power to tell the business to present specific information in the mortgage account statements – for example, a running balance after each individual transaction. The mortgage account statements are set out in the format prescribed by the FCA.

We're impartial, and we don't take either side's instructions on how we investigate a complaint. We conduct our investigations and reach our conclusions without interference from anyone else. But in doing so, we have to work within the rules of the ombudsman service, and the remit those rules give us.

One of those afore-mentioned rules says that we generally won't look again at something that has already been determined in a final decision from an ombudsman. Applying that rule means that this final decision doesn't in any way revisit the conclusions reached by my ombudsman colleague in her final decision of 4 July 2023 on the subject matter of the first complaint.

This final decision deals solely with the follow-up complaint about the branch-based payment being wrongly credited to the main account instead of the sub-account. Any mention I make of the first complaint is for context only.

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, these are my conclusions, and the reasons for them.

This is not a complaint where I have to decide fault; Halifax readily admitted it credited the nominal payment Mr and Mrs M made at their local branch to the main account instead of the sub-account. All I therefore need to decide is whether the corrective action it took when they complained about this was enough. Having considered all the circumstances, I'm satisfied it was.

This was simple administrative error, which was regrettable but easily and quickly remedied once it was brought to Halifax's attention. For the time, trouble and upset the error caused them, in isolation from the earlier problems which have been dealt with separately, I'm satisfied £50 is reasonable compensation.

I appreciate Mr and Mrs M are frustrated at not being able to satisfy themselves on whether their mortgage account was, or is, operating correctly. But not being sure if things are correct isn't the same as having good reason, supported by hard evidence, to believe they are incorrect. However irksome they find what Halifax has done with the behind-the-scenes adjustments that led to the first complaint that was decided by my ombudsman colleague, what's missing from this follow-up complaint is evidence of financial detriment, as distinct from annoyance and irritation.

But that doesn't mean Mr and Mrs M has to take Halifax's word that everything is correct. If Mr and Mrs M have a real and substantive belief (based on something other than frustration at not being able to verify things themselves after receiving the spreadsheet) that they've

suffered financially, it is open to them to arrange for the mortgage accounts to be audited by a suitably qualified and independent party.

The evidence of the audit could then be used as the basis for a new complaint, but not as the basis for this one to be reopened. I make the latter point because Halifax would need to be presented with the finished audit first, and be given the opportunity to consider and respond to it.

Mr and Mrs M would have to meet the cost of the audit, albeit if errors were found that were to his detriment, we would then expect Halifax to reimburse any reasonable cost of the audit as well as taking any corrective action the audit revealed to be necessary.

### **My final decision**

I don't uphold this complaint. My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 26 February 2024.

Jeff Parrington

**Ombudsman**