

The complaint

Mr O's complaint arises out of his mortgage account with Bank of Scotland plc trading as Halifax.

In a decision dated 19 February 2025 I explained that I will only be considering the following matters:

- that Mr O was told (incorrectly) in 2019 that a sub-account on his mortgage related to an additional loan;
- that the property wasn't properly registered at the Land Registry;
- that Halifax has unreasonably refused Mr O's offers of settlement for the mortgage; and
- general account administration after 22 May 2018.

What happened

Mr O has an interest-only mortgage with Halifax, the term of which expired in 2015. The outstanding balance, approximately £220,000 spread across three sub-accounts, has not been repaid. There are arrears of about £15,000 on the mortgage because no payments were made between 2014 and 2020. The sub-accounts relate to the main interest-only mortgage, as well as two sub-accounts on a repayment basis covering fees and charges.

Mr O made a number of complaints to Halifax about the mortgage, and final response letters have been issued. As noted above, on 19 February 2025 I explained why some of the issues Mr O was complaining about were out of time, and so we aren't able to consider them.

In relation to the issues that are in time, our Investigator noted the following.

- Halifax hadn't been able to identify when in 2019 Mr O was told one of his sub-accounts was due to additional lending, but the bank had clarified that there had been no additional borrowing, and had provided Mr O with a breakdown of the sub-accounts. The Investigator thought the £80 compensation Halifax had paid for this was fair.
- The Investigator noted that Halifax had failed to acknowledge a £20,000 lump sum payment Mr O had made to the mortgage in 2020. The Investigator was satisfied the payment had been correctly applied. She noted that Halifax had paid £70 for not sending Mr O a copy of a letter in a previous response to Mr O, and for not detailing payments received in 2020. The Investigator wasn't able to identify any other errors in the administration of the account.
- In relation to the registration of the property at the Land Registry, the Investigator was satisfied that Halifax wasn't responsible for this. There was no evidence to suggest Halifax was aware of any issue with the property title and that this was therefore an issue Mr O would need to refer to his solicitors.
- The Investigator was also satisfied that Halifax wasn't under any obligation to accept a

reduced offer of settlement. Mr O had made several offers, the last being a payment of £150,000, which she was satisfied Halifax was entitled to reject.

Mr O asked for an Ombudsman to review the complaint. He said that the reason for his complaint was to make sense of what had gone wrong, not an attempt to find fault, but to try to resolve issues in a fair, amicable and mutually acceptable way. Mr O offered to settle the mortgage for £150,000. The Investigator put this offer to Halifax, which didn't accept it.

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.

Although I've read and considered the whole file I'll keep my comments to what I think is relevant. If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

In this regard, I've revisited my decision dated 19 February 2025. Having done so, I am satisfied that I can only consider the complaint issues listed in the first section of this decision. Other matters Mr O has complained about, whilst I acknowledge he feels strongly about them, are outside the jurisdiction of the Financial Ombudsman Service, for the reasons given in my decision of 19 February 2025.

Much of what Mr O has said in response to the Investigator's findings relates to issues that I'm unable to consider. So although I've read what Mr O has said, I won't be commenting on matters I have already decided are outside jurisdiction.

Halifax has acknowledged some customer service failings, for which it's offered compensation.

Sub-account issue: First, Mr O said that he'd been told in 2019 that one of his sub-accounts was as a result of additional borrowing. Halifax hadn't been able to trace a call about this, but accepted that this is what Mr O might have been told. Generally, when new borrowing is taken out by way of a further advance, a separate sub-account is set up for this. But although that's the most obvious reason for a sub-account, it's not the only one. In Mr O's case, the sub-accounts relate to fees and charges.

Halifax acknowledged that Mr O was probably told that one of his sub-accounts was due to additional borrowing, when it was not. The bank clarified the position and paid Mr O £80 compensation for this, which I think is fair in all the circumstances.

Lump sum payment: In 2020 Mr O had made a £20,000 lump sum payment to the mortgage. This was correctly applied in February 2020, but it appears Halifax didn't properly acknowledge the payment or contact Mr O to confirm how it had been applied to the account. Mr O therefore wasn't sure if the payment had been received or paid to the account. I'm satisfied the £70 Halifax has offered for any upset caused by this is fair.

Land Registry: Halifax has provided a copy of the title entries and they appear to me to be in order, showing Mr O as the registered proprietor of the freehold legal title, and Halifax's mortgage correctly showing as registered in the charges register.

Mr O hasn't said what the issue is with the title, but this isn't something for which Halifax is responsible. Mr O will need to speak to the solicitors who acted for him on his purchase to resolve any problems with the legal title.

Account administration after 22 May 2018: In my decision of 19 February 2025 I explained that I can look at the administration of the account after 22 May 2018, where this doesn't relate to issues that I have decided the Financial Ombudsman Service is unable to consider.

I've reviewed the account details. As noted above, Halifax has acknowledged some customer service failings and paid compensation totalling £150 for these. My review of the account doesn't persuade me there have been any other errors, acts or omissions by Halifax in its administration of the account.

If Mr O believes his account has been mis-managed by Halifax, resulting in him suffering a financial loss, it's open to him to commission his own audit of the account, at his own expense. If such an audit was to identify errors on the part of Halifax resulting in financial detriment to Mr O, then he would be able to raise a new complaint about this, and claim the cost of the audit as part of the redress.

Offer of settlement: Mr O has offered £150,000 to settle the mortgage account. The current balance is about £220,000. Halifax rejected the offer, which I'm satisfied it is entitled to do. Mr O is liable for the full amount outstanding and, although I've noted his argument that Halifax could write off the mortgage without it making a dent in its performance, that's not something I'd expect the bank to do.

Conclusion

I'm satisfied the total payment of £150 for Halifax's administrative errors is fair and reasonable, and I'm not going to order the bank to do anything further. I've identified no other errors attributable to Halifax in relation to the Land Registry entries, or account administration. I'm also satisfied Halifax isn't required to accept a lower amount to settle the mortgage than is actually due. I am therefore not upholding this complaint.

I appreciate this isn't the outcome Mr O was hoping for, but after considering everything he and Halifax have said, the bank has done enough to put right the errors it made, and it doesn't need to do anything further. Mr O will now need to give serious thought about repaying the mortgage. The term expired ten years ago, and Halifax has shown considerable forbearance in the length of time it's given Mr O to put his repayment plans in place.

If he has not already done so, it might assist Mr O to speak to an independent financial adviser to discuss his mortgage options, if he is not intending to sell the property. In the absence of evidence that Mr O has been able to arrange a new mortgage, or confirmation from solicitors that the property is about to be sold, Halifax will be entitled to pursue repayment of the debt through the courts. Where a mortgage term has expired, the court has little or no discretion to postpone possession of the property. I do not intend to alarm Mr O, but I cannot emphasise enough the seriousness of the situation he is in. I would therefore urge Mr O to take some advice about how he intends to repay the mortgage sooner rather than later.

My final decision

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

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 4 April 2025.

Jan O'Leary
Ombudsman