

The complaint

Mr S complains that Bank of Scotland plc (trading as Halifax) has been pursuing him for an incorrect amount through a debt recovery company, following the sale of his property that left him with a shortfall.

What happened

Mr S owned a property mortgaged through Halifax. In 2015 the property was repossessed. Over the years Mr S was making regular payments to reduce the outstanding shortfall amount.

In April 2018 the debt was passed to a new debt recovery company, who was pursuing Mr S for around £12,000. Mr S made several attempts to dispute the balance directly with the debt recovery company. In the meantime, he stopped making further payments towards the outstanding shortfall amount.

In early 2019 the debt recovery company provided Mr S with the correct figure of £4,470.69. Mr S doesn't feel that he should be liable for the debt. He says that had the issue been resolved sooner, he would have continued making payments and this debt would be cleared by now.

Later that year, Mr S complained to Halifax. He raised various concerns, as follows;

- Halifax went ahead with repossession despite him having the money to clear the arrears;
- He felt the property had been purchased underhandedly by the previous agents;
- He disputed the shortfall balance due; and
- Argued that because he paid an indemnity guarantee premium when taking the mortgage, he should not be liable for the shortfall as Halifax has already redeemed its costs.

Halifax issued its final response in October 2019.

- It said that Mr S's complaint about the repossession process and initial shortfall has been brought out of time because the events occurred more than six years before Mr S made his complaint and it's been more than three years since he ought to have reasonably been aware of the problem;
- It explained how the mortgage indemnity guarantee premium worked and why Mr S was still liable for the outstanding shortfall debt. It did not uphold this part of the complaint;
- It upheld Mr S's complaint about the debt recovery company pursuing the wrong amount and sent him a cheque for £50 to compensate for the trouble and upset caused.

Soon after, Mr S brought his complaint to our service. He accepted that we could only consider part of his complaint about events that occurred within six years of him making his complaint to Halifax. An investigator looked into things and felt Halifax should increase its

compensation amount to £200. Halifax agreed, Mr S didn't. He doesn't feel this amount is enough.

Because an agreement has not been reached, the case has been passed to me to decide.

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.

My decision will focus on the complaint raised by Mr S about being chased for the wrong outstanding shortfall amount. He accepts that the complaint about the repossession itself has been brought out of time and he has not told us that he wants us to further investigate the matter of the indemnity guarantee premium, following Halifax's response.

The key facts about this complaint aren't in dispute. Halifax has admitted it got things wrong. It accepts responsibility for the actions of the debt recovery company who was acting as an agent of the bank, on its behalf.

So, the only issue I have to decide is whether the things Halifax has done to put things right, including the amount of compensation it's offered, is fair and reasonable.

I think it's right that Halifax should compensate Mr S for the distress and inconvenience caused by chasing him for the wrong shortfall amount. However, I also think it's important to explain that, as a service, our awards are designed to compensate consumers - not punish organisations.

We look at the impact any mistakes have had on the consumer concerned and give careful consideration to a consumer's individual circumstances, in determining whether any award for distress and inconvenience is warranted.

I appreciate this matter is likely to have caused Mr S some degree of frustration and inconvenience, so I sympathise with his position. But I think the further £150 compensation that Halifax has agreed to pay following our investigator's opinion is fair and reasonable in the circumstances.

Mr S says this matter has been ongoing for five years. But the debt was passed to the current debt recovery company in April 2018 and the correct balance was confirmed around a year later.

Mr S has not been financially disadvantaged by the delay as Halifax has confirmed that interest has not been added to the outstanding shortfall amount. Both parties agree that the correct outstanding amount is around £4,000 and this is money that is still owed to Halifax. Therefore, I cannot agree that the debt should be waived in light of the error.

I've noted all the things Mr S has said about Halifax not agreeing to resolve this matter in court. Our service cannot direct a business to issue court proceedings. Mr S has chosen to pursue his complaint through our service. If he doesn't accept my decision, he may still be able to take the complaint to court.

Putting things right

I have decided that Barclays has been reasonable in its attempt to put things right. I think the compensation of £200 that has been offered to Mr S is fair and reasonable in the circumstances of the case. So, I won't be asking Halifax to do anything more.

Mr S says that he has not cashed the cheque for £50 that was sent to him in October 2019. If that's the case, this should be cancelled and a new payment of £200 made to Mr S.

My final decision

My final decision is that Bank of Scotland plc (trading as Halifax) should pay Mr S the £200 offered for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 2 October 2020.

Arazu Eid
Ombudsman