

The complaint

Miss R complains that Bank of Scotland plc trading as Halifax unfairly registered a default on her credit file.

What happened

Miss R says she was ill in 2019 and unable to work which led to financial difficulties. She says she spoke to Halifax about this, but it registered a default on her credit file despite writing the debt off in 2020. Miss R says this is unfair and will impact her ability to obtain credit and a mortgage and that Halifax hasn't considered her illness.

Halifax says it spoke to Miss R in October 2019 and agreed to stop interest on the account for 30 days. It says Miss R told it she was starting work and told her to make contact with it after that 30-day period ended. Halifax says in January 2020 it wrote to Miss R about the debt and sent her a default notice but didn't receive any response. It says it registered a default in February 2020 and didn't receive contact from Miss R until March 2020. Halifax says it is legally obliged to accurately report Miss R's account position to the Credit Reference Agencies (CRA's).

Miss R brought her complaint to us, but our investigator didn't uphold it. The investigator thought Halifax acted positively and sympathetically when told about Miss R's financial and health difficulties in October 2019 but thought it told Miss R to make contact after the month's breathing space. The investigator thought there wasn't any contact until March 2020 and that Halifax had sent a number of letters about the default. And that Halifax was obliged to report accurate information to the CRA's which it did.

Miss R doesn't accept that view.

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.

Having done so, I have come to the overall view that Halifax has dealt fairly with this complaint. I realise Miss R will be disappointed by my decision and I appreciate that she has health and financial difficulties which I have taken into consideration.

Banks and building societies should treat customers in financial and other difficulties positively and sympathetically and with forbearance. I have listened to the call between the parties and I'm satisfied Halifax acted in such a way here by agreeing a 30-day breathing space and by stopping interest and charges. I'm also satisfied Halifax asked Miss R if she could manage her account, which she said she could and that it told Miss R on a number of occasions that she must make contact with it when that 30-day period ended.

I'm satisfied having looked at Halifax's records that Miss R didn't make that contact and didn't make any contact until some five months later. In that time there is no dispute that Halifax sent a number of letters to Miss R which I'm satisfied made clear that unless a

balance was cleared, that the account would default. So, I don't think Halifax made a mistake or acted unfairly in those circumstances by registering a default in February 2020 when Miss R didn't make the required payment or made any contact with it. I'm satisfied that at that stage Halifax reasonably concluded the relationship between it and Miss R had broken down.

I accept that Halifax later wrote off the debt, but I don't think that means it should remove the default from Miss R's credit file. I'm satisfied that lenders have a duty to report an accurate position of their customer's accounts to the CRA's. And I think that is what took place here. I accept Miss R has health issues, but I think she told Halifax that she was returning to work and told it she could manage her account. So, I don't think those health issues prevented Miss R from contacting Halifax from the end of the breathing space until the default was registered. I can see that Miss R was able to manage her affairs by making one payment to Halifax and think she could have considered alternative methods of making contact with Halifax if she didn't wish to speak directly to it.

Overall, I don't think Halifax made a mistake or acted unfairly by registering the default and so I can't fairly order it to remove it.

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 R to accept or reject my decision before 28 October 2020.

David Singh
Ombudsman