

The complaint

Mr P is unhappy that Bank of Scotland plc, trading as Halifax, defaulted his account and didn't contact him before doing so.

What happened

Mr P had a Halifax current account that was overdrawn. Mr P contacted Halifax to arrange repayment of the overdrawn amount but was told that the account had been closed due to non-payment and that a default had been recorded on his credit file. Mr P wasn't happy about this, especially as he'd received no notice that Halifax were intending to take such action. So, he made a complaint.

Halifax looked at Mr S's complaint. But they noted that they had sent several letters, including default notices, to Mr P's address. So, they didn't uphold Mr P's complaint.

Mr P wasn't satisfied with Halifax's response, so he referred his complaint to this service. One of our investigators looked at this complaint. But they also felt that Halifax had sent notice of their intentions to Mr P, so they also didn't uphold the complaint.

Mr P remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

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 can understand how Mr P might have been dismayed to discover that his Halifax account had been closed, especially as he was contacting Halifax to try to arrange a repayment plan on the overdrawn amount.

Where a business closes a customer account for non-payment and records a default on that customer's credit file, it would be expected by this service that the business would give fair notice to the customer that they were intending to take such action, so as to allow the customer the opportunity to take the action necessary to avoid the account being closed.

I think that Halifax did that here. They've been able to demonstrate to this service that a series of letters were sent to Mr P's address, including default notices, such that I'm satisfied that they did issue fair notice of their intent to close Mr P's account if the account remained overdrawn and without payment.

Mr P has stated that he didn't receive the letters that Halifax sent and believes that Halifax should have tried to contact him by alternative means. I'm not convinced by Mr P's position here, and I'd consider it reasonable for Halifax to assume that the letters that they were sending to the address Mr P registered with themselves were being delivered. Furthermore, I wouldn't hold Halifax accountable for the repeated non-delivery of sent letters, and this is

because the delivery of letters is the responsibility of postal services and isn't something over which Halifax have any control.

Mr P has quite rightly stated that the non-delivery of letters is also something for which he isn't responsible, and he feels aggrieved that his account has been closed because the letters notifying him of Halifax's actions weren't received by him. However, Mr P was aware that his account was overdrawn, and he contacted Halifax about this matter several months previously and was given one 30 days breathing space – and this 30 day breathing space had expired approximately six weeks before Halifax took the step to close the account, having received no payment, offer of payment, or continuing communication from Mr P during that time.

It's also that case that Mr P could have monitored the ongoing status of his account by other means, and I consider that it would have been especially incumbent on Mr P to do so, given that he was aware of the overdrawn status of his account.

So, given the circumstances here, it's difficult for me to conclude that Halifax have acted unfairly or unreasonably toward Mr P by closing the account for non-payment as they did.

I realise that this won't be the outcome that Mr P was wanting, but it follows from this that I won't be upholding this complaint or asking Halifax to take any further action at this time. I hope that Mr P can understand, given everything I have explained above, why I have made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 19 July 2021.

Paul Cooper
Ombudsman