

The complaint

Mr G complains that Bank of Scotland (trading as Halifax) sent him a letter regarding persistent debt. He's also unhappy that Halifax didn't respond in a timely manner to his data subject access request (DSAR) and that it referred to his concerns as feedback.

What happened

Around December 2019, Mr G received a letter from Halifax about his credit card account. The letter explained that the bank considered him to be in persistent debt because he'd paid more in interest than the actual balance during the previous 18 months.

Mr G was unhappy to receive this letter and disagreed with Halifax – Mr G says his credit card was on a 0% balance transfer rate for the first three months, so he didn't pay interest during this period. Mr G claims Halifax applied the Financial Conduct Authority's (FCA) rules on persistent debt incorrectly and shouldn't have included the initial three months as part of the 18-month period. Mr G says receiving this letter has caused him to lose sleep, affected his health and impacted his performance at work.

Around a month later, Mr G submitted a DSAR request and is unhappy this wasn't responded to in a timely manner. He's also concerned that the bank shared his data with other lenders.

After Mr G complained, Halifax replied and said it had applied the FCA's approach to persistent debt correctly. The bank agreed that it hadn't dealt with his DSAR within the expected time frame and offered Mr G £200 compensation to make up for this. More recently, Halifax increased its compensation offer to £250. Halifax said it doesn't share data with other lenders.

Remaining unhappy, Mr G asked this service to review his complaint. Our investigator decided that Halifax had acted fairly when it wrote to Mr G regarding his persistent debt. The investigator concluded that Halifax had applied the FCA's approach to persistent debt correctly and that he didn't think that Halifax had shared Mr G's data with other lenders.

Mr G didn't agree – so the complaint has been passed to me to review.

Mr G raised some additional concerns that cannot be considered as part of this complaint. An explanation of the reasons why has been provided separately, so I won't be commenting on these points in my decision.

My provisional decision

I recently issued my provisional findings, explaining why I didn't plan on asking Halifax to do anything more in relation to this complaint – a copy of my initial findings is below:

Persistent debt letter

The FCA rules require Halifax to help customers break the cycle of persistent debt and

support them if they can't afford to pay their debts more quickly. One of the steps set out in the rules require Halifax to contact its customers when they've paid more in interest, charges and fees than they've paid off from their borrowing - over the preceding 18 months.

Halifax wrote to Mr G in December 2019, which was around 18 months after his credit card account was opened. Looking at the calculations provided by Halifax, Mr G paid around £400 more in interest than he did towards the borrowing during the 18-month period. Given this, I think Halifax acted fairly and in line with the FCA rules when it wrote to Mr G about persistent debt.

Mr G feels the first three months shouldn't be part of the 18-month period because he didn't pay any interest during these months. And Mr G's interpretation of the FCA rules suggests Halifax should have calculated the interest he's paid against the borrowing he's paid off for each and every month of the 18-month period, rather than the period as a whole.

But this isn't what the rules say – the rules require Halifax take in to account the whole 18-month period, rather than individual months. And the rules do not say that Halifax needed to exclude the period Mr G's account was on an interest free offer.

Ultimately, the FCA rules are intended to put more of an onus on Halifax to step in early and help customers in persistent debt. In my opinion, having read the letter Halifax sent, the bank seems to have applied the FCA rules fairly. So I won't be asking Halifax to do anything differently.

DSAR

Mr G submitted a DSAR to Halifax around January 2020 and is unhappy this wasn't responded to in a timely manner – which should've been no more than one month as per the General Data Protection Regulations. I can see that Halifax wrote to Mr G a few months later and acknowledged the delay – offering him £200 compensation because of this. A further few months later, Halifax wrote to Mr G to update him on why his DSAR hadn't been responded to and increased its compensation offer to £250.

Halifax recently told this service that Mr G's DSAR was eventually responded to in August 2020. Halifax seems to have acknowledged that there had been a delay in dealing with Mr G's DSAR. But I do note that the delay would've added to the distress and inconvenience Mr G was feeling as part of his overall complaint.

In my opinion, a compensation award is the fairest way for Halifax to make up for this delay. I think the £250 offer that's already been put forward is fair and within the region of what I would've asked Halifax to pay anyway - had it not already made this offer. Given the DSAR has been responded to and because the compensation offered is, in my opinion fair – I won't be asking Halifax to do anything further in relation to this.

Reference to feedback

Mr G expresses concern that his comments about how Halifax calculates the 18-month period was taken forward as feedback rather than a formal complaint. I've seen the letter Mr G seems to be making reference to. Halifax does explicitly say that Mr G's comments would be passed on as feedback. But I can't see that his complaint wasn't formally looked in to by Halifax.

The letter in question makes reference to Mr G's complaint and seems to have been issued by a complaint manager at Halifax. Halifax has also detailed the option for Mr G to refer his complaint to this service should he remain unhappy. It seems to me that the reference to

feedback was intended to ensure the right team were made aware of Mr G's comments. So, on balance, I'm satisfied that Halifax looked into Mr G's concerns as a formal complaint.

Data sharing

Mr G claims Halifax shares his information with other lenders and isn't happy with this. He's made reference to correspondence from another lender that bears similar wording to communication he's had with Halifax. Mr G thinks this indicates that Halifax has shared data with this other lender.

Halifax says it hasn't shared Mr G's information with other lenders. It confirms that other businesses within its banking group (Bank of Scotland is part of Lloyds Banking Group) may communicate in a similar way and that Halifax can review information on other products held by Mr G across the banking group. I've looked at the bank's privacy notice on its website which sets out that information can be shared across the banking group.

I haven't seen anything that makes me think Halifax has used Mr G's information unfairly or improperly. So I won't be asking the bank to do anything differently because of this.

In summary, in my opinion Halifax acted fairly and in line with the FCA rules when it wrote to Mr G about persistent debt. I acknowledge that Mr G's account was on an interest free offer at the start, but I'm satisfied that the total interest he paid across the 18-month period gave cause to Halifax to write to Mr G about his debt. Mr G's DSAR has been responded to by Halifax and, although the delays he experienced weren't appropriate – the bank, in my view has already offered fair compensation to put things right. I've also seen no information that makes me think that Halifax has not acted in accordance with its own privacy policy when handling Mr G's information.

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.

Halifax responded to my provisional decision, accepting what I'd decided. Mr G didn't agree and said the following:

- that I didn't consider the FCA's emails to him regarding the persistent debt rules and that I should have contacted the FCA to clarify its approach
- that I overlooked an additional £50 compensation award that was offered
- he reiterated that his complaint shouldn't have been treated as feedback by Halifax
- that I failed to consider other important pieces of information

I'd like to reassure Mr G that all the information and documents he's referred to have been considered when making my decision. It wouldn't be practical for me to refer to each individual piece of correspondence, but I've considered all the available evidence and arguments. I've also reviewed the relevant FCA rules when making my decision and I don't see a need here to seek further clarification from the regulator.

From what I've seen, as set out in my provisional findings, Halifax has offered Mr G £250 compensation. I've seen the letter Mr G referred to that mentions a separate £50 compensation offer – but this isn't an offer made by Halifax.

As nothing new has been submitted, I have no further comments to make about this complaint. So my decision remains the same.

My final decision

For the reasons above, I'm not asking Bank of Scotland plc to do anything differently in relation to this complaint. Bank of Scotland plc should pay Mr G the £250 compensation it has offered him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 25 August 2021.

Abdul Ali
Ombudsman