

## **Complaint**

Ms A has complained about Bank of Scotland Plc's (trading as "Halifax") changes to its overdraft pricing structure, its withdrawing of her overdraft and the subsequent adverse information recorded on her credit file.

## **Background**

We've already explained why we can't look at Ms A's complaint regarding Halifax's changes to its overdraft pricing structure. So this decision is only looking about what happened from 2018 onwards and whether Halifax acted fairly and reasonably in withdrawing the facility and recoding adverse information on Ms A's credit file.

One of our adjudicators looked at Ms A's complaint. She thought that Halifax hadn't treated Ms A unfairly. Ms A disagreed and asked for an ombudsman's decision.

## **My findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having considered everything provided, I'm not upholding Ms A's complaint. I'll explain the reasons for my decision.

It isn't in dispute that Halifax sent Ms A a number of letters during the course of 2018 to explain that she was over the agreed limit on her overdraft. And in October 2018, Ms A got in contact to say that she was having difficulty repaying what she owed. Once a lender is told that a borrower is experiencing financial difficulties we would expect it to exercise forbearance and due consideration, in line with its regulatory obligations. Ultimately, we'd expect a lender to listen to a borrower, get an understanding of their circumstances and then assess the most appropriate way to move forward.

As a result of its conversations with Ms A, Halifax agreed to stop adding interest, fees and charges to her overdraft and also put her on a three-month repayment plan. This was to provide some breathing space while more appropriate longer-term options were explored. This plan couldn't be a long-term solution in itself because it wouldn't reduce the overdraft enough to repay it within a reasonable period of time.

In any event, by December 2018 it became clear that Ms A was struggling to maintain the plan and Halifax was sending letters to let her know that she'd fallen behind. I know Ms A's representative said that further offers went on to be refused by Halifax. But I don't think it would have been fair, reasonable or proportionate to continue ignoring Ms A's obvious and apparent difficulty, that a previous plan had already failed, or most importantly that the overdraft had become demonstrably unsustainable for her, indefinitely.

So while Ms A might not have wanted Halifax to withdraw the overdraft, and I understand why she's unhappy with adverse information being recorded on her credit file and worried about the impact this will have, I would have expected Halifax to have taken corrective action

anyway. After all, while withdrawing a facility and recording a default or other adverse information, might be viewed negatively by other lenders, it does offer the borrower certain protections in relation to the overdraft debt.

Bearing all of this in mind, I'm satisfied that Halifax did exercise forbearance and due consideration when Ms A got in contact in 2018 and it offered appropriate temporary relief. However, when it became clear Ms A's difficulties were longer-term and temporary short-term measures were no longer appropriate, I'm satisfied that it was fair and reasonable for Halifax to begin the process of taking corrective action in relation to Ms A's overdraft when it did and issue a correctly addressed formal demand notice, offering Ms A the opportunity bring her account up-to-date before it would take any action.

I know Ms A's representative says that some of Halifax's correspondence and contact was harassing. And I can certainly understand why receiving correspondence titled formal demand for payment when you may be in a position where you can't pay, would seem intimidating. But I think it was more a case of Halifax trying to provide as much opportunity as possible for the account to be brought up to date to avoid the potential consequences of not doing so, if possible.

As this is the case and Ms A didn't, or more likely couldn't, take steps to comply with the formal demand for payment, I'm satisfied that Halifax was entitled to withdraw the overdraft and take the subsequent action it did.

So overall and having considered everything, I don't think that Halifax treated Ms A unfairly or unreasonably in terms of its handling of Ms A's overdraft from 2018 onwards. And this means that I'm not upholding this complaint. I appreciate that this will be very disappointing for Ms A. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Ms A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 23 November 2021.

Jeshen Narayanan  
**Ombudsman**