

## **The complaint**

Mr I complains that Bank of Scotland plc trading as Halifax unfairly closed his loan account and registered a default on his credit file.

## **What happened**

Mr I says Halifax closed his bank account in early 2020 as a result of another bank closing his account with it. He says as a result he was unable to make his loan repayments to Halifax. Mr I says his loan account was closed and a default was unfairly registered on his credit file. He says he thought he was given a payment holiday.

Halifax says Mr I didn't make required loan payments from April 2020 until it closed the account in September 2020. It says it correctly registered a default on Mr I's credit file in those circumstances. Halifax says it sent Mr I a number of letters about the arrears and says Mr I told it in July 2020 that he had lost his job and that is why he couldn't make the required payments. It says it agreed to freeze interest for a month and asked Mr I to contact it before 16 August 2020, but he didn't do so.

Mr I brought his complaint to us and our investigator didn't uphold it. The investigator thought Halifax didn't make a mistake by closing the account and registering a default when Mr I didn't make required payments and didn't contact Halifax as requested. The investigator didn't think a payment holiday had been agreed but a one-month interest freeze.

Mr I doesn't accept that view and in summary says his bank account shouldn't have been closed. He says he went to the branch to ask about methods of repaying the loan and says there was no contact before the default. He also says there have been previous issues.

## **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 I don't uphold this complaint. I appreciate Mr I will be disappointed by my decision.

I make clear to Mr I that I appreciate he makes a number of complaints, but I can only look at this complaint which is the decision to close his loan account and register a default on his credit file.

I appreciate that the closure of Mr I's bank account meant that he had to make alternative arrangements for the re-paying of his loan. But I have looked carefully at Halifax's records and can see that Mr I didn't make his required payments from April 2020 until the account was closed in September 2020. I'm satisfied that Mr I was required under the loan terms and conditions to make those required payments and so I don't think Halifax made a mistake or acted unfairly by closing the account. I'm satisfied that Halifax is under a duty to accurately report the position of its customers account to the Credit Reference Agencies and was entitled in these circumstances to register a default on Mr I's credit file.

The Information Commissioner's Office (ICO) provides guidance on the registration of defaults and says a default should be registered between three and six months of arrears. I'm satisfied that Mr I missed about six required payments and that it clear the relationship between him and Halifax had broken down.

I appreciate Mr I says he believed a payment holiday had been agreed. But having looked at Halifax's records I'm satisfied Mr I told it he had lost his job and was given a one-month interest freeze. I can also see that Mr I was told to call Halifax by 16 August 2020, but he didn't do so. So, I accept that Halifax ought to have dealt positively and sympathetically with Mr I when he eventually made contact with it. And I'm satisfied that Halifax did act in such a way by agreeing the interest freeze. But I don't think Halifax could have done more to help Mr I as I don't think Mr I made contact as he was asked to do.

I have seen copies of about five letters Halifax sent to Mr I about the arrears and I have no reason to doubt they were sent. I would have expected Mr I to have contacted Halifax far earlier than he did if he was unable to make the payments or had difficulties making manual loan payments. And I think it was Mr I's responsibility to make those required payments in any event.

Overall, I can't fairly order Halifax remove the default from Mr I's credit file in circumstances where I find it was correctly registered.

### **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 Mr I to accept or reject my decision before 28 February 2022.

David Singh  
**Ombudsman**