

The complaint

Mr T complains about the way that Bank of Scotland plc, trading as Halifax, has dealt with his credit card account after he disputed three payments.

What happened

I issued a provisional decision on this complaint in October 2022 in which I described what had happened as follows:

“Mr T used his Halifax credit card between October 2018 and March 2019 to make payments of £2,750, £7,150 and £1,000 to a supplier. He claimed a refund of those payments in June 2019 and Halifax considered his claim under section 75 of the Consumer Credit Act 1974. It put the total of £10,900 into disputed status but didn’t uphold his claim for a refund, though it accepted that it had provided some poor service to Mr T.

The £10,900 was left in disputed status in error so, although Mr T continued to use his credit card, the minimum payment due each month was zero and no interest was charged to his account between July 2019 and January 2022. The outstanding balance increased and by January 2022 it was £5,984.29. Halifax identified its error in December 2021 so it contacted Mr T, the £10,900 was released from disputed status in January 2022 and it offered him £150 compensation. Mr T wasn’t satisfied with its response so complained to this service.

Our investigator recommended that his complaint should be upheld. He said that Mr T was misinformed and that Halifax had admitted that errors had been made which lasted for an extended period of time. He recommended that Halifax should pay Mr T an additional £150 compensation on top of what it had already offered and should assist him with an affordable payment arrangement regarding the outstanding balance owed. Both Mr T and Halifax have provided further comments in response to those recommendations”.

I set out my provisional findings in my provisional decision which were as follows:

“Mr T disputed three payments totalling £10,900 in June 2019. Halifax put that amount into disputed status and considered his claim for a refund under section 75. It concluded that he wasn’t entitled to a refund but the £10,900 wasn’t removed from disputed status. That meant that even though Mr T continued to use his credit card, no interest would be applied to his account unless his balance was more than £10,900 and that the minimum payment due was specified as zero.

Mr T says that he contacted Halifax three times about the payment due from him but was told that the statements were correct. Halifax identified its error in December 2021 and it contacted Mr T and offered him a total of £150 compensation. The outstanding balance on his account in January 2022 was £5,984.29.

There doesn't seem to be any dispute that Halifax has made an error. The consequence of that error was that Mr T wasn't required to make any payment to Halifax from July 2019 to April 2022 and he's not been charged any interest on the outstanding balance during that period. Mr T has used his credit card during that time to make payments totalling at least £5,984.29 and he's clearly had the benefit of the goods and services that he bought during that period. Those payments and the monthly outstanding balance were clearly shown on the monthly statements that were produced for Mr T's account. Although Mr T may not have known the reason that he wasn't being required to make a monthly repayment, I consider that he would have known that there was an error of some description on his account. I don't consider that it would be fair or reasonable in these circumstances for me to require Halifax to write-off the outstanding balance of Mr T's account.

No interest was applied by Halifax during that period, even though Mr T had an increasing balance, and he had the benefit of the money that he should have been paying to Halifax each month as he was able to use it for other purposes.

Halifax has offered Mr T £150 compensation and our investigator recommended that the compensation should be increased to £300. Although Halifax has made an error which continued for two and a half years, I don't consider that it ought to have been that much of a surprise to Mr T when it contacted him about the error in December 2021. I consider that a total of £300 compensation for any distress and inconvenience that Mr T has been caused is fair and reasonable and I'm not persuaded that a higher award of compensation is justified in these circumstances.

I consider that Halifax should try to agree an affordable repayment arrangement with Mr T for the amount that he owes to it. The duration of that repayment arrangement will be dependent on Mr T's income and expenditure. Halifax offered to waive interest on the outstanding amount for three months. I consider that it would be fair and reasonable for it waive interest on that amount for twelve months from the date of my decision.

Halifax said that it had recorded a late payment on Mr T's credit file about the payment that was due from him in April 2022 - and it may have recorded other late payment on his credit file since then. I don't consider that to be fair or reasonable in these circumstances so I find that Halifax should remove any adverse information that it's recorded on Mr T's credit file about any late payments on his credit card account.

Subject to any further representations by Mr T or Halifax, my provisional decision was that I intended to uphold this complaint. Halifax has accepted my provisional decision but Mr T says, in summary, that:

- he was surprised that after the amount of time he received a letter from Halifax asking him for the money in full and in one payment;
- £150 is not enough compensation for this big error and the occasions that Halifax didn't return his calls when it had agreed to call him back;
- he asked Halifax if the calls were being recorded, and he was told that they were, but it then said that it didn't have them, but when the investigator pushed harder suddenly the calls became available;
- Halifax has made many, many mistakes and not acted or actioned what it said it was going to do;

- he's been making the minimum requested payments since our investigator's recommendations and he has no intention to use his Halifax credit card but it sent him a letter saying that because of his payment history it was reducing his credit limit;
- the twelve month interest free period would result in payments of roughly £500 a month which is not a great thought or compromise; and
- the provisional decision is very much in favour of Halifax as this is not just one mistake but a series of errors over a very long time.

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'm not persuaded that I should change the findings that I set out in my provisional decision. It's clear that Halifax made an error when the £10,900 wasn't removed from disputed status and it didn't correct its error when Mr T contacted it about his account. I can understand the frustration that Mr T clearly feels about the way that he's been treated by Halifax but I consider that a total of £300 is fair and reasonable compensation for the distress and inconvenience that he's been caused in these circumstances.

Mr T continued to use his credit card, no interest was applied by Halifax and he made no payments to it even though he had an increasing balance. I don't consider that it would be fair or reasonable for me to require Halifax to write-off the outstanding balance of his account. There's no requirement for Mr T to pay that amount within twelve months and I've said that Halifax should try to agree an affordable repayment arrangement with him for the amount that he owes to it and that the duration of that repayment arrangement will be dependent on his income and expenditure. But I've said that it shouldn't charge any interest on that amount for twelve months. I consider that to be fair and reasonable and I'm not persuaded that it would be fair or reasonable for me to require it to waive interest for a longer period than that.

Halifax provided the recordings of Mr T's phone calls and they didn't have a material impact on my decision on his complaint. I'm not persuaded that there's enough evidence to show that Halifax has acted incorrectly in relation to those recordings or for me to make any finding against it about the delay in the recordings being provided.

Mr T says that Halifax has now reduced his credit limit but he also says that he has no intention of using his Halifax credit card again so the lower credit limit won't have an impact on him. In any event, I'm not persuaded that there's enough evidence to show that Halifax has acted incorrectly – or in breach of the account terms and conditions - in reducing Mr T's credit limit in these circumstances. I don't consider that it would be fair or reasonable for me to require it to reinstate Mr T's credit limit.

Putting things right

I consider that the remedy set out in my provisional decision is a fair and reasonable way for Mr T's complaint to be resolved. Halifax has accepted my provisional findings and I find that it would be fair and reasonable for it to take the actions described in my provisional decision and as set out below. I'm not persuaded that a higher award of compensation is justified in these circumstances or that it would be fair or reasonable for me to require Halifax to take any other action in response to his complaint.

My final decision

My decision is that I uphold Mr T's complaint in part and I order Bank of Scotland plc, trading as Halifax, to:

1. Try to agree an affordable repayment arrangement with Mr T for the outstanding balance of his account.
2. Waive any interest on that amount for twelve months from the date of my decision.
3. Remove any adverse information that it's recorded on Mr T's credit file about any late payments on his credit card account.
4. Pay a total of £300 (which includes the £150 that it's already offered to him) to Mr T to compensate him for any distress and inconvenience that he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 29 November 2022.

Jarrold Hastings

Ombudsman