

The complaint

Mr C complains about the lack of support Bank of Scotland plc trading as Halifax ("Halifax") offered during the pandemic regarding his overdraft. He says it acted unfairly by continuing to apply charges to his account when he was in financial difficulty.

What happened

Mr C complained to Halifax regarding the fees applied to his overdraft and lack of support during the pandemic.

Halifax says it offered support by stopping the daily overdraft interest for a few months as well as refunding charges. It says it couldn't do more without going through Mr C's income and expenditure which Mr C didn't wish to do.

One of our adjudicators looked into their concerns and thought that Halifax should've realised that Mr C was in financial difficulty and refunded the overdraft charges applied to the account from August 2020 because by this point Halifax had already contacted Mr C a few times asking him get in touch about his overdraft and that it was unlikely Mr C was able to maintain a credit balance for an extended period of time.

Halifax disagreed – it says there was nothing on the account which would have led it to believe the overdraft was unmanageable. The fees applied were modest in keeping with a £500 overdraft and it believes Mr C could've re-paid the balance if he needed to. Overall, it believes Mr C's account activity suggests poor account management rather than financial difficulties.

I issued my provisional decision on 19 October 2022, a copy extract of which is attached and forms part of this final decision.

In my provisional decision, I explained why I was proposing not to uphold Mr C's complaint in regards to the lack of support received during the pandemic and charges applied to his overdraft.

I invited both parties to let me have any further submissions before I reached a final decision. Both Mr C and Halifax have confirmed receipt but neither party have given any further new 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.

In my provisional decision I said that:

"I've seen that Mr C in some of his correspondence is complaining about the proportionality of the charges applied to his account. But before I go any further, I want to be clear in saying

that I haven't considered whether the various amounts Halifax charged over the years were fair and reasonable, or proportionate in comparison to the costs of the service provided.

Ultimately how much a bank charges for services is a commercial decision. And it isn't something for me to get involved with. That said, while I'm not looking at Halifax' various charging structures per se, it won't have acted fairly and reasonably towards Mr C if it applied any interest, fees and charges to Mr C's account in circumstances where it was aware, or it ought fairly and reasonably to have been aware Mr C was experiencing financial difficulty.

So I've considered whether there were instances where Halifax didn't treat Mr C fairly and reasonably. Mr C says Halifax failed to support him through the pandemic. I can see from Halifax's internal contact notes that Mr C contacted Halifax on a number of occasions between 2019 and 2022 - usually following requests from Halifax to get in touch to discuss his finances.

On each occasion Halifax offered support to Mr C by refunding fees, putting temporary holds on overdraft interest charges and offering to set up a repayment plan despite Mr C confirming the majority of the time he was up to date with his bills. On each occasion Mr C refused to set up a payment plan as he didn't want his credit report impacted. Halifax made Mr C aware that any freezes on charges were temporary and that he would need to get in contact with it if his situation didn't improve.

So based on the contact Mr C had with Halifax I don't think I can say it treated Mr C unfairly – it offered support in the form of refunds and interest freezes and couldn't do anything more without going through Mr C's income and expenditure which he refused to do.

And having looked at Mr C's statements over the years I don't think there was anything in these that ought to have alerted Halifax to the fact Mr C was in financial difficulty and that it should step in and offer further support either. Mr C had an overdraft with what I consider a modest limit of £250 raising to £500 in August 2020. And although Mr C used his overdraft, this in itself isn't a clear indication of financial difficulty.

Indeed, most the time I think Mr C's overdraft was being managed. And while I'm not seeking to make retrospective value judgements over Mr C's expenditure, nonetheless I can see from the statements that from around September 2016 the vast majority of transactions were discretionary and often to gambling sites. Priority bills weren't being paid out of this account and it clearly wasn't Mr C's main account.

There were regular cash transfers into the account and out of the account into other accounts held by Mr C. While each individual transaction wasn't enough to pay off this overdraft in full, it was certainly enough to bring it down and pay it off within a reasonable time should he have chosen to do so.

I accept this doesn't necessarily mean that Mr C wasn't experiencing financial difficulty. But there isn't anything in on the statements in themselves which ought to have alerted Halifax to any potential financial difficulty. So overall I don't think that Halifax did treat Mr C unfairly or unreasonably.

And in these circumstances I don't think that it was unreasonable for Halifax to proceed with adding the interest, fees and charges it did in light of how Mr C's account was being used.

I understand that Mr C would like a refund of all fees charged on the account but Halifax have already refunded fees and put a stop on charges on occasions and with Mr C not

having been able to provide details of his income and expenditure I don't think at this stage it should be required to do anything more.

So overall and having considered everything, I don't think that Halifax treated Mr C unfairly or unreasonably and this means that I'm not minded to uphold this complaint. I appreciate that this will be very disappointing for Mr C. But I hope he understands the reasons for my decision and that he'll at least feel his concerns have been listened to."

Mr C has responded and I understand his disappointment at the change in outcome, but he hasn't provided me with any further evidence or arguments that I haven't considered before. And this being the case I see no reason to depart from the conclusions set out in my provisional decision. It follows that I do not uphold this complaint.

My final decision

For the reasons I've explained I do not uphold Mr C's complaint against Bank of Scotland plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 December 2022.

Caroline Davies
Ombudsman