

## The complaint

Miss B complains Bank of Scotland plc trading as Halifax (Halifax) failed to remove adverse entries on her credit file following the settlement of her Debt Arrangement Scheme.

## What happened

Miss B says she completed her Debt Arrangement Scheme (DAS) in February 2020, but Halifax continued to mark adverse entries on her credit file for over two and a half years. Miss B says initially she thought this was normal but subsequently realised Halifax should have removed the missed payment markers when her DAS came to an end. Miss B says this error only came to light when Halifax sent her a letter which she queried in July 2022.

Miss B says Halifax's error explains why she was unable to secure a preferential current account nor obtain lending at favourable terms during this period, and her credit rating had been badly affected over this time.

Miss B says while Halifax have accepted its mistake and corrected her credit file, its offer of compensation of £150 doesn't go far enough for the impact this has had on her financial position.

Halifax have accepted it should have written off the outstanding balance in February 2020 and closed the account, which it has now completed and updated the credit reference agencies accordingly. Halifax apologised for the poor service and paid Miss B £150 by way of compensation.

Miss B wasn't happy with Halifax's response and referred the matter to this service.

The investigator looked at all the available information and upheld the complaint. The investigator felt while Halifax have apologised for its mistake and corrected Miss B's credit file, she didn't feel the compensation it offered was sufficient. The investigator recommended a total compensation payment of £300 given the length of time the adverse information was incorrectly recorded.

Miss B didn't agree with the investigator's suggested level of compensation to be paid and asked for the matter to be referred to an ombudsman for a final decision.

I sent both sides a provisional decision, where I said:

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

*Having done so, I will also be upholding this complaint but with a slightly different outcome.*

*I can understand it would have been upsetting for Miss B to learn her credit file still had adverse information recorded on it, even after she had completed her DAS.*

*When looking at this complaint I will consider if the level of redress Halifax have paid Miss B adequately compensates her for the trouble and upset it has caused her.*

*Halifax has provided this service with comprehensive details of the course of events and while that has proved helpful, I won't be commenting on every piece of information provided as I don't feel it's necessary in order to come a full and impartial decision. That's not to say I haven't considered everything - I have.*

*The first thing to say is Halifax have accepted that in February 2020, it should have closed and written off Miss B's current account when her DAS was completed, but it didn't because some bank charges hadn't been correctly refunded. It's also fair to say as soon as Halifax realised this mistake it corrected Miss B's credit file, closed her current account and paid her £150 by way of apology. From the information I have seen Halifax correctly recorded the adverse entries on Miss B's credit file, up until February 2020 when her DAS came to an end, but of course these entries should have no longer appeared thereafter as the current account should have been closed at that time.*

*So while I can see Halifax have now put matters right, I need to consider if the amount it has offered to compensate Miss B is fair and reasonable in the circumstances of this complaint - but I'm not persuaded by Halifax's argument the redress it has paid her is sufficient here.*

*I say this because the inconvenience this in all probability caused Miss B, lasted almost 30 months. While I understand the points Miss B makes about the high rate lending she was left to take, I can't say with any certainty the adverse entries were the sole reason behind this, as many factors are considered before a lending decision is approved. That said in all likelihood these adverse entries would have contributed to any credit application Miss B made over the period from February 2020, until Halifax corrected it.*

*It's not a straightforward matter to accurately quantify what would be a fair and reasonable level of redress, for what looks like a genuine mistake made by Halifax- and I have taken that point into account. But here it's reasonable to say this was more than a simple clerical error as the impact on Miss B's credit file was for around 30 months and this potentially had financial consequences for her.*

*With that in mind I propose a more realistic level of redress would be for Halifax to pay Miss B a total of £500, meaning a further £350 should now be paid to settle this complaint.*

*While Halifax will be disappointed with my decision, I am satisfied this is a fair and reasonable outcome here.*

Both Miss B and Halifax responded to my provisional decision, so the case has been passed back to me to make a final decision.

### **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.

I gave both Miss B and Halifax until 16 March 2023 to accept or reject my provisional decision. Both Miss B and Halifax have accepted my provisional decision. Halifax have asked Miss B where she wishes the further compensation payment of £350 to be paid and I will ask the investigator to arrange that with her. With that in mind I see no need to change or add to my provisional decision and so my final decision remains the same.

### **Putting things right**

I instruct Bank of Scotland plc trading as Halifax to pay Miss B a further £350 by way of compensation, making a total of £500.

**My final decision**

My final decision is that I uphold this complaint.

I instruct Bank of Scotland plc trading as Halifax to pay Miss B a further £350 by way of compensation, making a total of £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 3 April 2023.

Barry White  
**Ombudsman**