

The complaint

Miss M has complained that Bank of Scotland plc, trading as Halifax, irresponsibly lent to her.

What happened

Miss M opened a credit card account with Halifax on 22 July 2019. The credit limit was £4,000 and was never increased.

Miss M says that Halifax shouldn't have lent to her. She says that she doesn't think proper checks were carried out by Halifax to ensure she could afford to repay the borrowing. Miss M says she was on benefits and constantly using her overdraft, which would have shown she couldn't afford to make repayments.

Halifax says it did all the necessary checks before it lent to Miss M and that it acted appropriately and fairly.

Our investigator thought that Miss M's complaint shouldn't be upheld.

Miss M did not agree. As Miss M didn't agree, the complaint has been passed to me for a 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.

We've set out our general approach to complaints about unaffordable and irresponsible lending - including the key relevant rules, guidance and good industry practice - on our website and I've taken that into account when considered Miss M's complaint.

Halifax needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Miss M could afford to repay what she was being lent in a sustainable manner. These checks could have taken into account a number of different things, such as how much was being lent, the repayment amounts, how quickly the debt was being paid off and Miss M's income and expenditure. There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

Halifax has explained that it did checks through a credit bureau when the account was opened. Miss M declared a gross annual income of £75,000 and said she owned her home without a mortgage. The credit check showed that Miss M didn't have any recent adverse information. For example, there was no evidence of any recent defaults on other credit, or any County Court Judgements or debt management plans and there were no missed

payments on other credit in the six months prior to the application. Her external unsecured credit commitments were about £467 a month.

Halifax also relied on its own modelling of Miss M's other living expenses. From all of the information Halifax had it assessed that Miss M would have a monthly disposable income of £3,381 a month. I haven't seen anything to suggest these assessments were unreasonable.

On this basis I think Halifax did sufficient checks before lending to Miss M. And I think it acted fairly on the results of those checks when it provided Miss M with the credit card. Miss M has said this wasn't the case. She said she was on benefits and Halifax ought to have been aware of this. Miss M said she would provide evidence to show that her circumstances weren't as Halifax understood, but she hasn't done so. Even if Miss M had provided her bank statements or other evidence of her income and expenditure, I think Halifax ought reasonably to have been able to rely on the information Miss M gave it at the point of application about her income and home ownership status.

For this reason, I don't have enough information to satisfy me that Halifax didn't complete proportionate checks or that it didn't act fairly on the outcome of those checks. So, I can't say that Miss M lost out as a result of anything Halifax might have done wrong.

My final decision

I do not uphold Miss M's complaint, so it follows that Bank of Scotland plc, trading as Halifax, doesn't have to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 19 December 2023.

Sally Allbeury
Ombudsman