

## The complaint

Mr F has complained that Bank of Scotland Plc trading as Halifax hasn't treated him fairly in relation to his Halifax Reward Account.

## What happened

Mr F has a Halifax Reward Account. One of the features of this account is, providing the following four criteria are met, Halifax will waive the £3 monthly account fee and the customer will be entitled to a monthly reward:

- Spend £500 on the debit card each month; or
- Keep £5,000 or above in the account; and
- Pay in £1,500 each month; and
- Stay in credit.

On 29 April 2023, Mr F paid £500 into his account. As this was a non-banking day, the transaction went through the next working day, 2 May 2023. Mr F then paid a further £1,000 into his account on 15 May 2023. Therefore, as far as Mr F was concerned, he had met the above criteria and therefore qualified for the monthly reward.

On 1 June 2023, Halifax charged a £3 Reward Account Fee. This led to Mr F's account becoming overdrawn, which he addressed the next day by transferring funds from his savings into his Reward Account. However, because the account was overdrawn in the month of June, Mr F no longer qualified for the monthly reward in July.

On 5 June 2023, Mr F complained to Halifax. The reasons for his complaint are familiar to both sides, so I don't intend to repeat them in detail here but, in short, Mr F was unhappy that Halifax had applied the £3 account fee in June when he met the relevant account criteria. He was also unhappy this deduction forced him into an unarranged overdraft which, in turn, resulted in him missing out on the monthly reward in July.

On 27 July 2023 Halifax issued its final response. In short, it said Mr F did not credit £1,500 (or more) into his account during the calendar month of May 2023 and therefore the account fee was applied correctly. Whilst it did not think it had done anything wrong, Halifax agreed to credit Mr F's account with £8 - this being a reimbursement of the £3 account fee applied on 1 June 2023 and the £5 monthly reward for July.

Unhappy with this, Mr F referred his complaint to our service. In doing so, Mr F added that he was also worried about the potential impact of his account being in an unarranged overdraft on his external credit report, as well as internal information held by Halifax. Mr F feels there may have been an impact on internal information held by Halifax because, in September 2023, Mr F applied for a loan with Lloyds Banking Group which was declined.

One of our investigators looked into matters and, on 19 October 2023, issued her findings. In short, our Investigator said that she thought that what Halifax had done to resolve matters was fair and reasonable as it had the effect of putting Mr F back into the position he would

have been had he actually credited his account with £1,500 during the calendar month of May 2023. In addition, the Investigator said that, because he was not in the overdraft for a prolonged period, it was unlikely to have had a detrimental impact on Lloyds' lending decision.

Because Mr F did not agree, this complaint has been passed to me to decide.

### **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 am satisfied Mr F transferred £500 into his Reward Account on 29 April 2023. I recognise the entry on the account statement is dated 2 May 2023. However, below the transaction – in the activity column of the statement – it clearly indicates the transaction took place on 29 April 2023.

The Terms and Conditions of the Reward Account state:

*This account has a £3 monthly maintaining the account fee. The fee will not be charged if you pay in at least £1,500 during the calendar month.*

I think it was sufficiently clear that Mr F had to pay in at least £1,500 during the calendar month of, in this case, May, to qualify for the monthly fee waiver and the £5 reward in June. And, by making the transfer into the account on 29 April 2023 (and not making subsequent credits totalling £1,500 in the calendar month of May) Mr F did not meet the relevant criteria. So, I think Halifax acted in line with its terms and conditions by applying the £3 account fee on 1 June 2023.

However, Mr F says that he relied on a tool called the Reward Extras Tracker to tell him whether he was on course to meet the relevant criteria to qualify for the rewards in question. Mr F has provided a contemporaneous screenshot of the Tracker that clearly gave him the impression that he was on track and I think it was reasonable of him to rely on it. After all Halifax's own website says:

*Use the Reward Extras Tracker to check if you're on course to get your reward each month.*

Therefore, notwithstanding what I've said about the Reward Account's terms and conditions, I think it was reasonable of Mr F to think that he was on track to qualify for the relevant rewards. And with that being the case, I can understand why it would have been both surprising and concerning for Mr F to discover that the £3 account fee had been charged and that his account was tipped into an unplanned overdraft as a result.

Nonetheless, I can see that Mr F credited his Reward Account with £1,300 the day after it became overdrawn. And, as he took immediate steps to minimise the impact of that, I can see no evidence that he was charged any fees or interest as a result.

What's more, in response to the complaint, Halifax, without admission of liability, agreed to credit Mr F's Reward Account with £8 - that being a reimbursement of the £3 account fee applied on 1 June 2023 and the £5 monthly reward for July that year. And I think this put Mr F back in the financial position he would have been had £1,500 been credited into his Reward Account in May 2023.

I acknowledge that Mr F is worried about the potential impact on his credit file of his time in an unarranged overdraft.

Halifax says that, because Mr F's Reward Account was back in credit so quickly, it had no impact on his credit file. And as Halifax has provided screenshots to corroborate that, I am not persuaded that Mr F suffered a loss as a result.

I also recognise that Mr F thinks that there may have also been an impact, in the eyes of the Lloyds Banking Group, on his credit risk to it because, on 29 September 2023, he applied for a loan that was declined.

However, as Mr F successfully applied for a loan from the Lloyds Banking Group on 19 September 2023 (10 days prior to the loan he applied for unsuccessfully on 29 September 2023), it seems unlikely to me that a single day in an unarranged overdraft had a material impact on Mr F's ability to get credit. And while he may think that's irrelevant, I disagree.

In summary, therefore, I am satisfied that the steps Halifax took in response to complaint put Mr F back in the position he would have been had he credited £1,500 (or more) into his Reward Account in May 2023. And I don't think there was any detriment to Mr F's position by being in an unarranged overdraft for a single day.

So, whilst I know this will be disappointing for Mr F, I don't think Halifax needs to do anything further to resolve matters.

### **My final decision**

For the reasons set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 21 May 2024.

Ross Phillips  
**Ombudsman**