

## The complaint

Mrs W complains that Bank of Scotland plc, trading as Halifax, withdrew her overdraft facility.

## What happened

Mrs W had a Halifax current account with a £200 overdraft facility, which she used to rely on regularly. But in late 2023, she complained that the overdraft was not affordable. As a result of that complaint, Halifax carried out a review of her account, and it concluded that she could not afford her overdraft. It upheld that complaint, and paid her compensation. In October 2023, Halifax gave her 30 days' notice that it was going to withdraw her overdraft facility. This was done in November, leaving Mrs W with a now unauthorised overdraft balance of £154. She says this caused her some anxiety and financial difficulty, because she needed her overdraft to afford food. She complained again, this time about Halifax's decision. This decision is about that second complaint.

Our investigator did not think that Halifax had done anything wrong. She said that Halifax had been entitled to make a commercial decision to stop lending to Mrs W. It had given her advance notice (which it hadn't had to do), but she had still carried on using the overdraft, and so the account had still been overdrawn at the point the overdraft facility was removed.

Mrs W did not accept that decision. She asked for an ombudsman to review this case.

## 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 do not uphold it. I will explain why.

The Financial Conduct Authority's *Handbook* contains rules about overdrafts. Rule 5D.3 states that "an overdraft is not generally suitable for long-term use that results in a high total cost burden," and that lenders should consider reducing or removing an overdraft facility if it appears that its customer has been using it too frequently.

Persistent use of an overdraft is an indicator of potential financial difficulty; overdrafts are not meant to be used all the time, but only sparingly. So I think that Halifax made its decision in good faith, and in line with the FCA's rules, and that it gave Mrs W reasonable notice.

The rule I quoted above goes on to say that an overdraft facility should not be removed if that would cause financial hardship to a customer. So I have considered whether Halifax just made things worse for Mrs W.

I reviewed her bank statements from around that time. They show that at the beginning of the day on which the decision was made, Mrs W's bank balance was healthy – about £580. During that day, she spent almost all of that money on gambling transactions, and ended the day slightly overdrawn. However, during the next few days she received income from various

sources, and was soon back in credit. Her account remained in credit for most of the 30-day notice period, and then went back into the red just before the overdraft facility was removed, as the result of further gambling transactions. So I don't think the bank's decision was the real reason why she couldn't afford to buy food; rather, it was intended to reduce her dependence on an expensive way of borrowing. And I would expect a lender to stop lending to a customer once it becomes aware that the customer is borrowing to fund a gambling habit, as seems to have been the case here.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 26 August 2024.

Richard Wood  
**Ombudsman**