

The complaint

Mr B complains that Bank of Scotland plc trading as Halifax registered adverse information on his credit file.

What happened

Mr B says he noticed a default marker on his credit file, but he never missed a payment or received a default notice from Halifax. Mr B says he got a phone call from Halifax and the call handler told him that they didn't register a default marker, but Mr B says his credit file shows this. Mr B made a complaint to Halifax.

Halifax originally said on 9 November 2023, that there was no adverse information reported to the Credit Reference Agencies (CRA's), and they referenced a direct debit of £43.05 he paid on 20 February 2023. But this was regarding his credit card with them, not his bank account.

Halifax issued another response on 30 November 2023. Halifax partially upheld Mr B's complaint and offered him £40 compensation. They said that Mr B switched out his account in November 2022. They said he received a letter advising him there was an outstanding balance and they asked him to bring the account up to date. Halifax said he called them after he'd lost the letter and he asked them to make the payment over the phone. They apologised they didn't do this at the time as if his request had been actioned, the account wouldn't have got any late payment markers. They said they would correct the late payment marker. Mr B brought his complaint to our service.

Our investigator said Halifax were right to conclude the late payment marker could have been avoided so they removed the adverse data. He said this has been done so the reporting on the account stops as of 28 November 2022, with no adverse data showing. So he felt the £40 offered was a fair and reasonable amount in the circumstances.

Mr B asked for an ombudsman to review his complaint. He made a number of points. In summary, he said Halifax delayed matters by investigating the wrong product which was distressing as this reiterated the phone call he had when he was told he had no adverse data reported on his credit file, despite him knowing he did. He said his credit file had been impacted by Halifax's actions and this had a material impact on him as his credit score had decreased by the error.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

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

Firstly, I'm aware that I've only summarised Mr B's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's

something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I want to clear up the confusion regarding Mr B's complaints and what he's said about Halifax investigating the wrong complaint. There are a number of complaints that Mr B has raised with Halifax which aren't related to this complaint issue, so I won't go into detail about these complaints. But I wanted to provide clarity to Mr B about what complaint was about what issue.

Mr B's complaint in April 2023 was regarding a personal loan payment, and therefore it is not relevant to this complaint that Mr B has brought to our service. The first complaint he raised in June 2023 shows that he selected it was about a credit card, and he entered his credit card number, not his debit card number. He mentions his direct debit for the credit card failing and this is why Halifax investigated the credit card and not the bank account. Based on Mr B's description of what happened, I'm not persuaded that Halifax should have known Mr B meant his bank account as opposed to his credit card.

Mr B made another complaint in June 2023 to Halifax, but this was regarding him wanting his statements in relation about a car sale. So I'm not persuaded that this is in relation to the complaint Mr B has brought to our service.

When Mr B brought his complaint to our service, he also sent a screenshot of his text messages from Halifax which showed complaint references. One of these shows the reference number from Halifax which was sent to them on our email asking Halifax for their complaint file. This is why Halifax sent us the outcome of the June 2023 complaint about his credit card.

It is only when we sent the email to Halifax on 2 October 2023 that Halifax reasonably should have known that Mr B was complaining about his bank account as it mentioned the product Mr B was complaining about was his bank account. I'm persuaded that this would be the first time Halifax would have been reasonably aware that Mr B was complaining about his bank account (even though it contained the complaint reference number to his credit card complaint). Therefore Halifax would have had eight weeks to investigate Mr B's complaint. They issued their final response to Mr B on 30 November 2023, which was three days after these eight weeks. But given the confusion regarding the reference number relating to the credit card complaint, I don't find the delays about his bank account complaint to be excessive on this occasion, and this didn't affect Mr B being able to bring his complaint to our service.

Halifax have provided me with the call between Mr B and themselves on 21 June 2023. This was in relation to the complaint which Mr B had said was about his credit card (and gave his credit card number on the complaint form). The complaint handler explains that there was no issues with Mr B's payment. Mr B tells him there is a missed payment on his credit file from February though "and I just assumed it was that". The complaint handler assures Mr B that it wasn't for that, and he explains the payment due date and how late markers work. They then talk about the credit limit on his credit file.

So although the complaint handler told Mr B that there was no mark on his credit file, he was talking about the credit card, and not Mr B's current account. Mr B did not talk about there being an impact on his credit file about his bank account on this call, and he told the call handler he assumed the missed payment on his credit file was because of the payment (on his credit card).

So I can't conclude Mr B was told incorrect information on this call, and I'm not persuaded it would've been proportionate for the complaint handler to have looked at Mr B's closed

accounts to see if there was any adverse information recorded when Mr B had given them no indication that this could be the case.

I've considered what happened resulting in the late payment marker being reported to the CRA's on Mr B's current account. I can see from Mr B's statements that when the switch out of his bank account from Halifax was completed, Mr B was overdrawn. Halifax had notified Mr B by letter of the overdrawn balance which led to Mr B phoning Halifax on 14 December 2022.

I've listened to this call. It's clear Mr B's intention was to pay off the outstanding balance on this call. And within the first 20 seconds of the call he tells the call handler there is an outstanding balance, and he wants to pay this off. Mr B tells the call handler that he did ring up before (to make the payment) and mentions a "holding account" via a bank transfer but he needed a card reader and that hadn't come yet.

I asked Halifax if they had a call recording of Mr B's previous call that he alluded to. Halifax have provided screenshot evidence of Mr B's calls between 1 November 2022 and 13 December 2022 (the day before his call I listened to), but there are no call recordings on these dates, so I'm unable to hear what was discussed on a previous call, but I don't doubt from the information that Mr B told the call handler that he did have a call. And as his account was closed at that point, it's reasonable that he would have been told he needed to make a payment to a holding account.

I say this because as his account was closed via a switch, it's likely that any payment Mr B made to clear the overdraft to his old Halifax bank account would have been automatically redirected back to his new account he switched to.

The call handler puts Mr B on hold while she tries to get further information on how Mr B can make the payment. When she returns she tells Mr B he can either wait for a letter to come out to him, or she could give him the details to make a faster payment to them from his new bank. Mr B asks if he can't make the payment by his card and the call handler says "no, we can't do it over the phone, you just have to do it on a faster payment from your bank". Mr B tells her he will try and find a way to do that, and the call handler says he will get a letter in the post, but there might be delays due to the postal strike.

After listening to the call, I'm persuaded that Halifax should have done more here, especially as the purpose of Mr B's call was to clear the overdraft. I've reviewed Halifax's complaint notes and their complaint handler has acknowledged that if Mr B had been put through to their collections team there and then, he would have been able to clear the overdraft. While Halifax have also told us that it would have been an extreme intervention to force the account into collections early to allow them to take a payment via another method, like Mr B's debit card, as his purpose of the call was to clear the overdraft, then I would expect Halifax to explore options for him to do this on the call, not for him to wait for his card reader or to wait for letters.

While the call handler did offer to give Mr B the details to make the payment to, I'm persuaded it would have been more appropriate for her to give him the details, when she didn't offer to put him through to their collections department to make the payment, especially so there could be no confusion about if it was a holding account or his old account that Mr B needed to make the payment to.

I can see that Mr B was sent both text messages and letters after this call regarding the overdrawn balance. So it could be argued that Mr B should have taken action prior to when he did. But I'm also mindful that these texts didn't give him details of where to make a payment to, and the letters mention about paying money into his account – which Mr B

would be under the impression from his previous calls that the payment needed to be paid into a holding account, not his old account.

So I've considered what would be a fair outcome for this complaint. I'm satisfied that the situation should have been resolved by Halifax before it got to the stage of a late marker being registered on Mr B's credit file. I say this as I would expect Mr B to have been able to make the payment on 14 December 2022, which was the purpose of his call, regardless of if it would have been an extreme intervention or not. This is what he wanted to do, and he was unable to do this on the call, despite this being an option available from Halifax which he wasn't made aware of.

If Mr B would have been allowed to do this, then a late payment marker would not have been reported to the CRA's. Halifax have removed the late payment marker, which I'm satisfied is the right thing to do here. And they have offered him £40 compensation for the distress and inconvenience for what happened. But I'm not persuaded the £40 compensation reflects the distress and inconvenience that this caused him.

I say this as Mr B has explained that his credit score decreased as a result of the missed payment (which in my opinion was avoidable here). So I'm persuaded that it would have been distressing for Mr B to see his credit score decrease and the potential ramifications of this, despite him trying to make the payment on 14 December 2022 (and possibly on a call prior to this date). As he was unable to make the payment on this date, he was also inconvenienced to have to make a payment at a later date and he was inconvenienced ringing Halifax on 15 March 2023, when he was given the correct instructions how to make a payment.

I'm persuaded this distress and inconvenience could have been avoided if he was allowed to make the payment on 14 December 2022 as he made it clear that was his purpose of the call. So I'm persuaded it would be more proportionate for Halifax to pay Mr B a total of £125 compensation for the impact of what happened here. So it follows I intend to ask Halifax to put things right for Mr B."

I invited both parties to let me have any further submissions before I reached a final decision. Mr B accepted the provisional decision. Halifax made a number of points in relation to the provisional decision, but they said due to all of the confusion and the service issues, they would agree to pay Mr B the £125 suggested in the provisional decision to bring the matter to a close. They asked if I could mediate on this complaint rather than issuing a final decision, but if a final decision is issued, they asked for the information contained in the provisional decision to be corrected to what they have now clarified. I asked Mr B if he agreed to the mediation to resolve his complaint at £125, but he confirmed he would want £175 compensation to agree to the mediation. Halifax did not agree to this.

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.

Mr B accepted the £125 in response to my provisional decision, and Halifax have agreed to pay this due to the confusion and the service issues. So it follows I'll be asking Halifax to pay Mr B £125, but I'm happy to detail the information Halifax have provided in response to the provisional decision below:

Halifax wanted to correct the understanding about what they could have done and/or how this could affect a customer. They said having listened to the resolution call with Mr B there was an incorrect understanding of the account status. If Mr B had been transferred to

Collections on the 14 December 2023, they would not have been able to assist. They could not have taken the payment by debit card. The account was only transferred to Collections on 30 January 2024 and so it was not on their systems. This only occurs 30 days after the switch. They would have simply advised he would need to make a credit to the account in the ways previously advised in the letter.

Halifax said as to the extreme intervention of forcing the account into Collections. It seems that I was under the impression that this could be done on the day of the call. This is not possible. As they already stated, Mr B would never have been able to make a debit card payment on 14 December 2023. He had closed his account on 28 November 2023 when switching out. The forcing of the account into Collections could take weeks, as evidenced by when the initial 30 days expired after the switch. The account only transferred to Collections on 30 January 2024.

Halifax said this means the only way to guarantee no late payment marker again was for Mr B to make the payment in the way advised in the letter he was issued. Finally, in respect to the card reader this would be for Mr B to have discussed with his new provider. As already indicated, at the end of 14 December 2023 call he mentioned finding out how to make a faster payment. Neither of these are something the Bank could influence. They said if a faster payment was not possible there was the other options available in the letter, such as branch cash deposit.

Halifax said taking the above into consideration it is evident Mr B could have instructed his new provider to repay any outstanding balance at the time of the Switch. He was provided in writing (though he misplaced this) the options to clear the outstanding balance. They accept Mr B should have been provided these details again on the 14 December 2023. They said it would also not guarantee late payment markers wouldn't be applied, and it could have created a false expectation due to the time this can take.

Putting things right

In my provisional decision I said I intend to uphold this complaint in part. I said I intend to ask Bank of Scotland plc trading as Halifax to pay Mr B a total of £125 compensation for distress and inconvenience. I'm still satisfied this is a fair outcome.

My final decision

I uphold this complaint in part. Bank of Scotland plc trading as Halifax should pay Mr B a total of £125 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 April 2024.

Gregory Sloanes
Ombudsman