

The complaint

Mr M is unhappy that Bank of Scotland plc, trading as Halifax, defaulted his account.

What happened

On 29 November 2023, Mr M received a letter from Halifax advising him that they had defaulted his credit card account for non-payment and that he had an outstanding balance of £191.71. Mr M called Halifax and paid the outstanding balance. But he wasn't happy about the default because he hadn't received any prior notice from Halifax that his account had been in arrears. So, he raised a complaint.

Halifax responded to Mr M and explained that they'd sent him monthly account statements that had shown that his account had been in arrears since May 2023. And Halifax also confirmed that they'd sent him several account arrears notices that had also informed Mr M of the position of his account. Because of this, Halifax didn't feel they'd done anything wrong in how they'd administered Mr M's account and said that they wouldn't remove the default as Mr M was asking them to. Mr M wasn't satisfied with Halifax's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel Halifax had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Mr M remained dissatisfied, so the matter was escalated to an ombudsman for 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.

Having reviewed the statements for Mr M's Halifax credit account, I've seen that Mr M made a payment to clear the balance on the account on 13 February 2023. However, Mr M then made further spending on his credit card of £174.93 on 5 April 2023.

Because of this purchase, the terms of Mr M's credit account meant that Mr M was required to make at least the minimum monthly payment due on the account balance from May 2023 onwards. But Mr M didn't make any payment to his Halifax credit account in May 2023, or in any subsequent month until he cleared the account balance in December 2023 – which was eight months after the April spending and after the account had been defaulted by Halifax.

Mr M has said that he wasn't aware that there was a balance on the account. But Mr M made the purchase in April 2023, and so I'm satisfied that he reasonably should have been aware – having spent money on the credit card account in April 2023 – that payments to that account would need to be made following that spending. And it isn't Halifax's fault if Mr M forgot that he'd spent money on the card in April 2023.

Mr M has explained that he was out of the country for long periods and that he didn't receive any of the account statements or arrears letters that Halifax sent to his address – until he received the notice that his account had been defaulted.

But Halifax have demonstrated to my satisfaction that they sent statements to Mr M at his correct address in May, June, July, August, September, October, and November 2023, and that they also sent arrears notification letters to Mr M at his correct address in May, August, October, and November 2023.

Given the large numbers of letters that Halifax posted to Mr M's correct address, I feel it's highly unlikely that none of those letters were successfully delivered. However, if it were the case that none of the above listed letters were successfully delivered to Mr M's address, then this wouldn't be something that I'd consider holding Halifax accountable for – given that delivery of correctly addressed mail is undertaken by a postal service over which Halifax has no direct control.

Ultimately, it was Mr M's responsibility, as the account holder, to have monitored his Halifax credit card account and to have been aware of the ongoing position of it.

Mr M has confirmed to this service that he set up online banking with Halifax which would have allowed him to monitor the account whenever he had internet access. Alternatively, if Mr M wasn't receiving account statements, then he could have called Halifax or visited a Halifax branch while in the UK. And while Halifax were obliged to send statements and arrears notices to Mr M – which as explained, I'm satisfied that they did – if Mr M didn't receive those statement and notices, it didn't diminish his own responsibilities and contractual obligations regarding the credit account in any way.

Mr M has explained that he was overseas for long periods. But again, Mr M being overseas didn't diminish his responsibilities or contractual obligations regarding his credit card account. Furthermore, if Mr M were going overseas so that he wouldn't be able to receive letters that were sent to his address, then I feel that it's reasonable to have expected Mr M to have notified Halifax of this – which Mr M appears not to have done. And it also must be noted that if Mr M were overseas for long periods, then he wouldn't have been able to respond to any letters that Halifax sent to his address during those times, regardless of whether they were successfully delivered or not.

Mr M has asked why Halifax didn't send him correspondence via other channels, such as via email or telephone, that he could receive while he was overseas. But it's generally expected that formal correspondence such as account statements and arrears notices are sent by post, especially when no indication has been given that posted documents can't be received. And I can only reiterate that Mr M himself could have monitored the position of his account – in line with his responsibilities as the account holder – via the alternative channels that were available to him while he was overseas.

Mr M has asked this service to instruct Halifax to remove the default from his credit file. But I'd only consider making such an instruction if I felt that Halifax had made a mistake or if there were some exceptional circumstances which I felt reasonably prevented Mr M from meeting his responsibilities and contractual obligations regarding the account. But I don't feel that Halifax have made any mistakes here. And I don't feel that Mr M's circumstances did reasonably prevent him from monitoring his account and being aware that it was in arrears.

Ultimately, I feel that what's happened here is that Mr M didn't meet his contractual repayment obligations on the account and that Mr M should be considered solely responsible for this. And this is because I feel that Mr M appears to have forgotten about the spending that he made on the credit account in April 2023 and not monitored the ongoing status of his account after that date by any of the channels available for him to do so.

Because of this, I won't be instructing Halifax to remove the default from Mr M's credit file as he would like, because I'm satisfied that it is a fair and accurate report of how Mr M

managed his Halifax credit card account.

I realise this won't be the outcome Mr M was wanting, but it follows that I won't be upholding this complaint or instructing Halifax to take any further or alternative action here. I hope that Mr M will understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 June 2024.

Paul Cooper
Ombudsman