

## **The complaint**

Miss E complains that Bank of Scotland plc trading as Halifax hasn't provided the service it should have regarding issues with her payments. She says this issue has affected her credit score.

## **What happened**

Miss E made direct debit payments towards her credit card, and even though she says she had funds available, the payments were reversed and adverse information was recorded on her credit file. She tried to discuss this with Halifax, but says that calls got cut off or she was directed to different departments. Miss E isn't happy with the service Halifax has provided and says her credit score has been negatively affected. She wants further compensation for the stress she has been caused and the time she has spent trying to resolve the issues.

Halifax issued a final response letter dated 26 October 2023. It said that there were several transactions on Miss E's account around the time the August and October 2023 payments were returned which was the likely reason for the issue. But it said it would remove the late payment marker from Miss E's credit file and it refunded interest previously charged on Miss E's August and October 2023 statements. Halifax accepted that it should have looked into this issue when Miss E first raised it and arranged to pay Miss E £50 for the service issues she experienced.

Halifax issued a further final response letter dated 29 November 2023. It apologised that Miss E was given incorrect information the call on 17 November 2023 and said that it had cleared the arrears on her account. It noted that on the call the adviser had cancelled the direct debit and also refunded £130.78 to Miss E's bank account along with a further £37.16 of overdraft fees. Because of the service issues Miss E experienced Halifax paid her £40 compensation.

Miss E referred her complaint to this service.

Our investigator noted the issues Miss E had experienced but thought Halifax had made fair offers in terms of refunds of interest, charges and fees and compensation. However, he noted that Halifax had said Miss E's credit file would be updated but this hadn't happened correctly. Because of this he upheld the complaint and said Halifax should ensure Miss E's credit file was correctly updated and pay Miss E a further £50 because of this issue.

Miss E asked that her complaint be referred to an ombudsman. She said there was enough money in her account to pay the direct debits and so didn't accept that the reversals weren't due to bank error. She said she had spent a lot of time on calls and had to go to branch to try to resolve the issues. She thought that given the stress she had been caused the compensation wasn't fair.

## **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 can see the issue with Miss E's payments being reversed have caused her distress and inconvenience. She has explained she visited a branch and has made several calls to Halifax on which she has been transferred to different departments and she has also said calls have been cut off. But for me to uphold this complaint I would need to be satisfied that Halifax had done something wrong or treated Miss E unfairly. And to the extent this had happened that Halifax hadn't taken reasonable action to remedy any issues and paid reasonable compensation.

Miss E's direct debit payment for £50.66 due on 17 August 2023 was reversed. Halifax has said this happened because there were insufficient funds in the account. Miss E disputes this. I have looked at Miss E's statement and can see there were several transactions around the time of the direct debit being paid and that Miss E's account was near her overdraft limit. Halifax has provided further details of the payments being processed that day and as these resulted in there being insufficient funds in Miss E's account at the cut off time the direct debit was returned. Based on this, I do not find I can say there was a bank error but looking at the movements on the account I can understand why Miss E thought she had sufficient funds. As Halifax agreed to remove the late payment marker resulting from the returned August 2023 payment and refunded the interest charged on the August statement, I find this put Miss E back in the position she would have been had the August payment not been reversed.

The same issue then occurred in October 2023 and in the October final response letter Halifax said that while Miss E was close to her overdraft limit at the time the direct debit was taken the statement didn't show her exceeding this. It offered to have any late payment marker removed if the account was brought up to date by 16 November and it refunded the interest charged on the October statement. I find this a reasonable response.

A further issue then arose as Miss E was given incorrect information about the payment due in November 2023. Because of this Halifax cleared the arrears on her account and said her credit file would be amended.

Miss E didn't always receive the service she should have when she was trying to resolve the issues arising from her payments being reversed. Halifax has acknowledged this and has paid a total of £170 in compensation. I appreciate that Miss E doesn't think this is enough compensation given the stress and inconvenience she was caused. But taking into account the issues Miss E experienced and the responses provided by Halifax to these, I find this compensation (along with the interest refunds and refund of overdraft charges) is reasonable.

Based on the actions Halifax said it would take in response to Miss E's complaints, these should have put her back in the position she would have been had the direct debit payments not been reversed. However, our investigator noted that at the time of his view the updates to Miss E's credit file hadn't been made correctly and not all of the adverse information had been removed. He therefore said that Halifax should pay Miss E a further £50 and ensure the amendments to Miss E's credit file were made. I find this reasonable. Halifax has since confirmed that all late payment markers had been removed as promised.

### **Putting things right**

Bank of Scotland plc trading as Halifax should pay Miss E a further £50 compensation for not making all of the amendments to her credit file as promised.

Halifax is also required to ensure that the promised credit file amendments have been made

to Miss E's credit file. As it has confirmed this has happened this action has been addressed.

**My final decision**

My final decision is that Bank of Scotland plc trading as Halifax should take the action set out above, as it has agreed, in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 18 July 2024.

Jane Archer  
**Ombudsman**