

## **The complaint**

Mr M complains that Bank of Scotland plc trading as Halifax unfairly continued to provide him with an overdraft and applied charges to this when he was in financial difficulty. He says this caused him stress and affected his health. He doesn't accept that Halifax's response to his complaint is sufficient given the impact the overdraft charges had on him.

## **What happened**

Mr M was provided with an overdraft on his Halifax account in September 2018. He says that he started to struggle financially and couldn't afford the charges being applied. He says this caused him a great deal of stress and affected his health and his credit score.

Halifax issued a final response letter dated 15 November 2023 upholding Mr M's complaint. It explained that Mr M was maintaining his account when it approved his application for an overdraft in September 2018. It said it has regular opportunities to review overdraft lending and having looked back at Mr M's account it should have removed the overdraft in September 2019. It said at this point it was clear Mr M's financial situation had changed and the overdraft was no longer affordable. Because of this it said it would refund Mr M the fees applied after the renewal date of 27 September 2019.

Halifax noted Mr M's comment about his credit score being affected but said that had action been taken in September 2019 it would have been likely that a default would have been applied which would have had a more severe impact on Mr M's credit score. Therefore, it didn't accept that by keeping the overdraft in place it had made it more difficult for Mr M to obtain credit.

Mr M didn't think that Halifax's response was sufficient given the upset the situation had caused him. He said the stress had affected his health and meant he was unable to work and that he was declined credit due to the impact the overdraft had on his credit file. He said he should be compensated for the distress and inconvenience he was caused for the years when the overdraft shouldn't have been in place.

Our investigator didn't uphold this complaint. She thought the action taken by Halifax was reasonable and in line with our approach. She noted Mr M's comment about his credit file and explained that there are several factors that affect an individual's credit score and it would be difficult to say that Halifax continuing to provide the overdraft was the reason why Mr M struggled to obtain credit. While she noted Mr M's comment about the distress and inconvenience he was caused she thought the offer to refund interest and charges was fair.

Mr M asked for his complaint to be referred 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.

Halifax provided Mr M with an overdraft in September 2018. The rules, guidance and good industry practice in place typically require a bank to review an account on an ongoing basis. And it is generally accepted that a bank should review a customer's overdraft usage on an annual basis.

Halifax upheld Mr M's complaint from September 2019. This was a year after the overdraft was provided and in line with the renewal date set out on Mr M's statements. I find it reasonable that a review would have happened at that time. As Halifax found that it should have taken action from this point I find it reasonable that it said it would refund all fees applied from that date. This is in line with the action we would expect it to take.

Mr M doesn't think the refund is sufficient given the distress and inconvenience he was caused while the overdraft was in place. I have considered the points he has raised but, in this case, I find the offer to refund all fees applied from the first renewal date is reasonable.

I say this because while I note Mr M's comments about his credit score, I cannot say that the continuing provision of the overdraft was the reason why he may have struggled to obtain other credit. I also note the comment made by Halifax that had a default been applied in September 2019 due to the issue with the overdraft, then that could have had a more negative impact. So, I do not require Halifax to take any further action in response to this part of Mr M's complaint.

Mr M has also explained and provided evidence of the health issues he was experiencing during the period when the overdraft was in place. I am sorry to hear of the challenges Mr M has faced and the difficult circumstances he has experienced. But I have nothing to show these were a direct result of the overdraft remaining in place. And as I have nothing to suggest that Halifax was aware of Mr M's health issues at the time or that he raised this with Halifax before the complaint was logged, I cannot say that Halifax was able to take this into account at the time.

In conclusion, I am sorry to hear of the difficult circumstances Mr M has experienced but, in this case, I find that the response Halifax provide in its final response letter dated 15 November 2023 was reasonable.

### **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 8 July 2024.

Jane Archer  
**Ombudsman**