

The complaint

Mr H complains that Bank of Scotland plc, trading as Halifax, cancelled his direct debit to a credit card without his knowledge, which caused him to go into arrears and incur charges, impacting his credit reference.

What happened

Mr H went to a branch of Halifax on 23 June 2023 where he withdrew cash. He contacted Halifax again on 22 April 2024 to say that his direct debit to a credit card had been cancelled without his permission. Mr H complained about the impact of this to Halifax.

Halifax told Mr H that he had cancelled a direct debit to a credit card on 23 June 2023. The direct debit had been in place since 2018 and Mr H is insistent that he did not cancel it.

Halifax declined Mr H's complaint as its records show the direct debit was cancelled at his request when he visited the branch. Halifax said it could see that the credit card company tried to set the direct debit up again on 28 June 2023, but had cancelled the request the following day. Halifax suggested Mr H speak to the credit card company to understand why they cancelled the request.

Mr H wasn't satisfied with this response and referred his complaint to our service. Our investigator didn't recommend that it be upheld. She said it's clear from Halifax's account notes dated 23 June 2023 that the direct debit was cancelled in branch for a Mr H. She said Halifax had no reason cancel the direct debit without consent at that time.

The investigator said there was no evidence that Halifax's branch had made a mistake. And cancelling a direct debit is not something a bank would do without permission. In relation to Mr H's credit file she said he would need to speak directly to the credit card company as they had applied the adverse markers.

Mr H disagreed with the investigator and requested an ombudsman review his complaint. He said he went to the branch on the day in question to withdraw cash but didn't instruct the closure of his direct debit account with credit card. He said it was a cashback card and he had set up a holiday with monthly instalments with the first payment taken in May and payments each following month, so why would he close down the payments. Mr H asked if there was something to sign to stop the direct debit or if there was any CCTV of his visit.

Mr H said his account shows he paid his credit card in full each month so as not to incur interest charges. He said unless it's standard policy of Halifax to cancel a direct debit it had done something he didn't request. Mr H said Halifax had also set up payments to HMRC he hadn't requested and there are eight branches he can pay to. He asked if this was standard.

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 was sorry to learn about the difficulties caused to Mr H from the cancellation of his direct debit and the defaults entered on to his credit file. I understand that Mr H can't get another credit card, because of this credit report, and he has had to pay interest and default charges.

Mr H has mentioned a payment authority on his account to HMRC. He said that he hasn't raised this as an issue or complaint with Halifax, and therefore it is not an issue I can consider here.

Mr H said that Halifax cancelled his direct debit to his credit card company without permission. He wants Halifax to refund the credit card charges he has incurred and to have his credit file amended. Halifax declined to refund the credit card charges Mr H incurred as it said this was at Mr H's instruction, or to remove entries from his credit file as it would have been put on by the credit card company and said he would need to speak to them directly.

It is not in dispute that Mr H visited a branch of Halifax on 23 June 2023 and withdrew cash. But the parties disagree about what took place concerning Mr H's direct debit payment. Where the parties disagree about the content of a conversation or an action we have to look at other available evidence in order to decide, on the balance of probabilities, what is more likely than not to have taken place. Even if CCTV were available it would not help in this situation. I've taken into account the relevant rules and guidelines concerning payment services, along with good industry practice.

Halifax's business records include a note on Mr H's profile showing a request was made to cancel the direct debit on 23 June 2023. The record shows the direct debit was cancelled in branch for Mr H at 10.18, with his cash withdrawal recorded at 10.12. The record includes Mr H's account details and the recipients of the direct debit.

Halifax's records show that the credit card company tried to set the direct debit up again on 28 June 2023, but cancelled the request the following day. Halifax advised Mr H to speak to the credit card company to see why they cancelled the request. We asked Mr H's credit card company for information about this, but it didn't respond. It is open to Mr H to bring a complaint against his credit card company if he wishes.

Mr H asks if Halifax can find proof that he signed any form that instructed them to close his direct debit. The Direct Debit service states that customers can cancel payments by telling their bank to do so. There is no written requirement for this to be carried out and so nothing would have been provided to confirm the cancellation unless requested specifically by Mr H. Halifax said that Mr H would have had the cancellation confirmed verbally by its member of staff within the branch.

Mr H said he booked a holiday in May 2023 paying in instalments from his credit card, and so had no reason to cancel it and always paid his card off by direct debit each month to avoid charges. I fully appreciate this reasoning, but I can't escape the coincidence that would be required for Halifax to mistakenly cancel the direct debit on the day of Mr H's visit to its branch. I don't think a bank would cancel a direct debit without permission as it would be aware of the difficulty this might cause for the customer, and ultimately itself.

I can see from Halifax's records a direct debit 'Instruction Document' relevant to Mr H. This shows that the direct debit mandate to his credit card company has been cancelled and reinstated many times over the years.

Halifax is correct to say it is unable to remove entries from Mr H's credit file as it would have been entered by the credit card company, so he would need to speak to them directly. Mr H may wish to add a 'notice of correction' himself – there's helpful information about this on the following web page: https://www.payplan.com/wp-content/uploads/2021/02/0038-21_How-to-notice-of-correction-factsheet.pdf

I can appreciate Mr H's strength of feeling about what happened, but in order to uphold his complaint I would need to find evidence that Halifax had made an error, and I haven't found

evidence to support this. From what I have seen and on the balance of probabilities I think it more likely than not that Mr H instructed the cancellation of the direct debit.

Our service investigates the merits of complaints on an individual basis, and that is what I've done here. I think it's important to explain that my decision is final. I realise that Mr H will be very disappointed by this outcome though I hope he appreciates the reasons why it had to be this way.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 December 2024.

Andrew Fraser
Ombudsman