

## **The complaint**

Mr N complains that Bank of Scotland plc trading as Halifax won't refund his overdraft charges that he's paid over the last six years.

## **What happened**

Mr N has two current accounts with Halifax, one with a £1,000 arranged overdraft, and another one with a £550 overdraft. He says that he has had financial difficulties for a long time, and he asked Halifax to help him to refund all of the overdraft charges on both current accounts for the last six years. Mr N made a complaint to Halifax.

Halifax did not uphold Mr N's complaint. They said it wasn't possible to refund all of the overdraft fees applied to his bank accounts as they'd been applied correctly in line with his overdraft usage in the last six years. They said to assist Mr N they refunded £30 of his overdraft fees for each of his two current accounts with them. Mr N brought his complaint to our service.

Our investigator did not uphold Mr N's complaint. She said an overdraft was a credit facility and a bank is entitled to charge interest when lending money. She said she didn't think that the charges were applied unfairly to Mr N's accounts. Mr N asked for an ombudsman to review his complaint. He said Halifax had not helped him as a customer when having financial difficulties. He wanted a full refund of the overdraft charges as he says he is on a debt management plan and Halifax have refused any assistance and help for him.

## **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 are entitled to charge for overdraft usage as set out in the terms of the account. Mr N's overdrafts seem to be reviewed annually based on the information on his bank statements. One is reviewed in April each year, and the other is reviewed in September. I've reviewed Mr N's bank statements for both accounts to see if Halifax should have stepped in if it was apparent Mr N was having financial difficulties, even if he hadn't notified Halifax about this, as overdrafts are designed for short term borrowing.

The statements over the last six years do show that Mr N constantly exceeds his overdraft by relatively small amounts, often due to the overdraft charges debiting his account. But it appears this is not because of financial difficulty from Mr N, but rather due to him not crediting money into his account to cover these charges.

I say that it doesn't appear to be due to financial difficulty as Mr N often credits the account with enough money to cover the overdraft charges, but it could be later that day, or a few days after the overdraft charges, but he does ensure he returns to an arranged overdraft and there isn't any prolonged periods of time over the six year period I've looked at that he is in an unarranged overdraft.

Mr N's statements do show that there are often four figure credits into his accounts, and occasionally five figure credits into his accounts. Mr N isn't constantly overdrawn and there are multiple times when he is in credit on both accounts, sometimes for weeks or sometimes he was in credit for over a month, therefore I'm not persuaded that Halifax ought to have realised Mr N was in any financial difficulty without him informing them of this.

I say this as it did appear from the frequent and sometimes large credits into the account that sometimes the funds were used for non-essential expenditure or transferred to other accounts in Mr N's name. So it would appear that due to the credits he would be in a position to reduce the overdraft gradually over time in a sustainable way.

I've reviewed the system notes Halifax holds for Mr N, but I can't see that he's contacted them over the last six years to inform them of any financial difficulties, apart from when he's made his complaint. From the complaint notes I can see that Halifax offered Mr N a temporary plan to help him out by freezing overdraft charges, so there are options available for Mr N if he is struggling with his finances. So I can't agree that Halifax aren't prepared to help him, even if they haven't agreed to refund the overdraft charges apart from £30 on each account, which I can see they refunded this on 6 March 2024.

I can also see that Halifax contained a telephone number for Mr N in their final response letter to him, and they told him they could support him with affordable repayment options. Halifax have also forwarded our service correspondence they've sent to Mr N which also encourages him to reduce his overdraft, and they are there to help him with this. So if Mr N is still struggling financially, I would urge him to contact Halifax to see what forbearance they can show him. But it follows I don't require Halifax to do anything further.

### **My final decision**

I do not uphold this complaint.

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

Gregory Sloanes  
**Ombudsman**