

The complaint

Mr O complains that Bank of Scotland plc, trading as Halifax, hasn't defaulted his credit card account and loan account after he entered into a debt arrangement scheme.

What happened

Mr O says that he entered into a debt arrangement scheme in February 2020. He contacted Halifax in March 2024 about the information that it was recording on his credit file. It treated the issue as a complaint about his credit card account and sent a final response letter to him in April 2024. It declined his complaint because it said that it's required to report the true and accurate status of customers' accounts to the credit reference agencies and it was reporting that Mr O was in a debt arrangement scheme and gave the balance of his account. It also said that it had checked and confirmed that it was reporting correctly.

Mr O wasn't satisfied with its response so complained to this service. He said in his complaint form that he was requesting that the information for his credit card account and loan account with Halifax be recorded as defaulted as the original agreement was broken so that his accounts don't show as being in arrears. He said that he understood the repercussions of a default status on his accounts as that was explained to him when he entered into the debt arrangement scheme.

Mr O has made another complaint to this service about his accounts with Bank of Scotland but that complaint hasn't been upheld. Mr O's wife has also made a complaint to this service about Halifax not defaulting her accounts when she entered into a debt arrangement scheme. That complaint is being dealt with separately.

Mr O's complaint was looked at by one of this service's investigators who, having considered everything, didn't think that it should be upheld. She was satisfied that Halifax was correctly reporting on Mr O's credit file and she said that she couldn't see that it had made any errors, so she didn't feel that it needed to do anything further.

Mr O didn't agree with the investigator's recommendation and asked for his complaint to be considered by an ombudsman. He says that he doesn't feel that Halifax has treated him equally or fairly and that this situation is having a significant impact on his life. He says that the debt arrangement scheme was the best way to secure his finances but feels that Halifax has been inconsistent in its treatment of him and that changing the recording of his accounts to show as defaulted or in an arrangement to pay would be a more equitable way to treat him. He says that he will continue to pay his debt off as agreed and it won't have an impact on Halifax but the impact of not changing the terms on him is significant as it directly impacts his ability to obtain a new home for his family. He says that Halifax defaulted two of his accounts when he entered into the debt arrangement scheme.

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.

Debt arrangement schemes were introduced by the Scottish government in 2004 and are only available to Scottish residents. Under a debt arrangement scheme, the consumer agrees to repay the full outstanding capital debt with no further interest and charges applied. The aim of the scheme is to help consumers to avoid having to enter into an individual voluntary arrangement or declaring insolvency and debts which are included in the scheme shouldn't be the subject of enforcement procedures. A default is a form of debt enforcement so a debt that is included in a debt arrangement scheme shouldn't be defaulted.

Mr O says that he entered into a debt arrangement scheme in February 2020 and I understand that his credit card account and loan account with Halifax were included in that scheme. As those accounts were included in the scheme Halifax acted correctly in not defaulting them.

Mr O says that Halifax has been inconsistent in its treatment of him and that it defaulted two of his accounts when he entered into the debt arrangement scheme. Halifax says that it has defaulted one of Mr O's bank accounts because it understands that it wasn't included in the debt arrangement scheme, but it also says that that account doesn't form part of this complaint.

Banks are required to report true and accurate information about customer's accounts to the credit reference agencies. Halifax says that it's reporting that Mr O is in a debt arrangement scheme and gives the balance of his credit card account. I'm not persuaded that there's enough evidence to show that the information about Mr O's credit card account and loan account that's recorded on his credit file isn't true and accurate.

Although it's clear that Mr O would like the accounts to be defaulted, I'm not persuaded that there's enough evidence to show that Halifax has acted incorrectly in these circumstances. I appreciate that this will be disappointing for Mr O, but I find that it wouldn't be fair or reasonable for me to require Halifax to now record the accounts as defaulted, to change the information about the accounts that it's recorded on his credit file or to take any other action in response to his complaint.

My final decision

My decision is that I don't uphold Mr O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 25 February 2025.

Jarrold Hastings
Ombudsman