

The complaint

Mr S complains that Bank of Scotland plc, trading as Halifax, won't remove the default that it has recorded on his credit file.

What happened

Mr S entered into a fixed sum loan agreement with Halifax in November 2021 for a loan of £24,363 and he agreed to make 72 monthly repayments of £520.06. Mr S hadn't made all of those payments and in 2023 Halifax agreed payment plans with him but there continued to be issues with his payments. Halifax sent a default notice to Mr S in January 2024 which said that he needed to pay the arrears of £2,102.51 by 3 February 2024.

Mr S phoned it later that month and said that he wanted to restart his payments to the loan and organise a repayment plan for the arrears. He provided information about his income and expenditure which showed that he couldn't afford the monthly loan repayment so it was agreed that he would look at his income and expenditure again and an income and expenditure form was sent to him. A 30-day hold was placed on the account which was confirmed in a letter that was sent to him. Mr S was told that he needed to contact Halifax again about the arrears or it could result in a default on the account.

Mr S phoned Halifax two days later to set-up a direct debit payment from February 2024 and he said that he wanted to make a payment towards the arrears. He was told that he could call it to make such a payment. The hold on the account ended at the end of February but no plan had been made to clear the arrears so Halifax sent a letter to Mr S which said that if he didn't get in touch with it in the next 14 days, it would end the loan agreement.

Mr S says that he didn't receive that letter and he didn't contact Halifax so the loan agreement was ended in March 2024 and Halifax recorded a default on Mr S's credit file. Mr S says that he completed the sale of a property in March 2024 so he would've been able to pay the arrears. He complained to Halifax about the default but it said that it was unable to reverse its decision to default his account or re-open the loan. Mr S wasn't satisfied with its response so complained to this service.

His complaint was looked at by one of this service's investigators who, having considered everything, didn't think that Halifax had acted unfairly or unreasonably when closing the account or registering the default. But he thought that the information that it provided to Mr S during the second call in January 2024 could've been clearer. He recommended that Halifax should compensate Mr S for that and that it should pay him £100.

Halifax says that, whilst it doesn't necessarily agree with the award of redress, it's willing to accept the investigator's recommendation to settle the case. Mr S didn't agree with the investigator's recommendation and asked for his complaint to be considered by an ombudsman. He says that his account was closed and a default applied because a direct debit arrangement wasn't set up for the arrears but that was mis-communicated to him by Halifax and he would've had no problem setting up a direct debit for the arrears and he was expecting to clear the arrears in full in March. He says that he didn't receive the letter that was sent to him in February and it wasn't in the online document store on the Halifax

website. He says that this has been very stressful and quite upsetting and he works in financial services so a default is highly likely to prevent him from securing work with other financial companies in the future.

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 had sent a default notice to Mr S in January 2024 and he phoned it later that month. He was sent an income and expenditure form and a letter confirming that a 30-day hold had been placed on his account. Halifax told Mr S that he needed to contact it again about the arrears or it could result in a default on the account.

Mr S phoned Halifax again two days later and set-up a direct debit payment from February 2024. Although a payment towards the arrears was discussed, no payment was made and Mr S didn't make any further payment towards the arrears. He'd been sent a default notice and also the letter that Halifax sent him in January 2024 about the hold on his account which said that the hold would end on 29 February – but he hadn't made any further payment towards the arrears. I consider that he ought reasonably to have known that a payment was required from him. Mr S says that he would've had no problem setting up a direct debit for the arrears and he was expecting to clear the arrears in full in March when he sold a property – but I've seen no evidence to show that he told Halifax that he was expecting to clear the arrears after that sale.

Halifax sent a letter to Mr S on 29 February 2024 that said that if he didn't get in touch with it in the next 14 days, it would end the loan agreement. Mr S says that he didn't receive that letter and it wasn't in the online document store on the Halifax website. The letter was correctly addressed to Mr S and Halifax has provided evidence to show that it was sent to him so I'm satisfied that it was sent to him, even if he didn't receive. But as I've already said, I consider that he ought reasonably to have known that a payment was required from him but he made no such payment.

I'm not persuaded that there's enough evidence to show that Halifax acted incorrectly by ending Mr S's loan agreement and defaulting his account. It's required to record true and accurate information about Mr S's payment history on his credit file and I consider that the default that it recorded on his credit file is a true and accurate record of what happened. Mr S has described the impact of the default on him and I appreciate that this will be disappointing for him, but I find that it wouldn't be fair or reasonable for me to require Halifax to remove the default from Mr S's credit file.

The investigator thought that the information that Halifax provided during the second call in January 2024 could've been clearer so he recommended that Halifax should compensate Mr S for that and that it should pay him £100. Halifax says that whilst it doesn't necessarily agree with the award of redress, it's willing to accept that recommendation to settle the case.

Putting things right

I find that it would be fair and reasonable for Halifax to pay £100 compensation to Mr S but I find that it wouldn't be fair or reasonable for me to require it to remove the default from Mr S's credit file or to take any other action in response to his complaint.

My final decision

My decision is that I uphold Mr S's complaint in part and I order Bank of Scotland plc, trading

as Halifax, to pay him £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 October 2024.

Jarrold Hastings
Ombudsman