

The complaint

Mr C and Miss M are unhappy that Bank of Scotland plc (“BOS”) didn’t notify Miss M that their joint account was being defaulted.

While this complaint concerns an account held by Mr C and Miss M jointly, it is Miss M who is the primary complainant here. As such, for ease of reference, I’ll refer to Miss M solely throughout this letter where it’s appropriate to do so.

What happened

Mr C and Miss M held a joint account with BOS. When Mr C and Miss M separated, Miss M was of the belief that she had been removed as an account holder from the joint account. However, this wasn’t the case, and in April 2020 the joint account was defaulted by BOS. And because the defaulted account remained in Mr C and Miss M’s joint names, the default was reported to both Mr C and Miss M’s credit files.

Miss M wasn’t aware that a default had been reported to her credit file. But in November 2023, she received a letter from BOS which advised her of the default, and which offered her the opportunity to have the default rescinded and removed from her credit file if she would clear the outstanding account balance. Miss M wasn’t happy that BOS hadn’t previously told her about the default, and she didn’t want to clear the outstanding balance as she hadn’t used the account for several years and felt that Mr C should be accountable for that balance. So, she raised a complaint.

BOS responded to Miss M and confirmed that she had never been removed from the account and so remained jointly and severally liable for the outstanding account balance. However, BOS apologised to Miss M for not giving her the opportunity to clear the balance before they defaulted the account in April 2020, and they paid £100 to her as compensation for any upset or inconvenience she may have incurred as a result. Miss M wasn’t satisfied with BOS’s response, so she referred the complaint to this service.

One of our investigators looked at this complaint. But they didn’t feel that BOS had acted unfairly by considering Miss M to be jointly liable for the account balance. And they felt that BOS’s offer to rescind the default if Miss M cleared the account balance was reasonable. Additionally, our investigator felt that BOS’s payment of £100 compensation provided a fair resolution for BOS not offering Miss M the opportunity to clear the account balance in 2020. Miss M didn’t agree with the view of our investigator, so the matter was escalated 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.

Miss M has explained that Mr C told her that she had been removed from the joint account. And Miss M has told BOS that she’s unwilling to make a payment to clear the outstanding account balance because she hasn’t used the account for several years and feels that Mr C

should be solely accountable for the account balance that he has accrued.

However, if Miss M was told by Mr C that she had been removed from the account, then this was incorrect. Instead, Miss M remained as a joint holder of the account until the time that the account was defaulted in April 2020. That meant that Miss M was jointly and severally liable, along with Mr C, for the defaulted account balance.

I can appreciate that Miss M might be unhappy that Mr C gave her incorrect information about her being removed from the account. But that would be a civil matter between Miss M and Mr C, and doesn't alter the fact that Miss M wasn't removed from the account and is jointly liable for the defaulted account balance. Additionally, I would also have reasonably expected Miss M to have confirmed with BOS that she had been removed from the account, rather than relying solely on the information given to her by Mr C.

As such, I'm satisfied that BOS haven't acted unfairly by reporting the default to Miss M's credit file or by offering Miss M the opportunity to clear the outstanding account balance that she remains jointly liable for.

Miss M is unhappy that she wasn't informed by BOS in April 2020 that the account was being defaulted. BOS have apologised for this and paid £100 to Miss M as compensation for any trouble or upset she may have incurred. And BOS have given Miss M the opportunity to pay the outstanding account balance, for which as explained she is jointly liable, and have confirmed that they will rescind the April 2020 defaulting of the account if she does so.

BOS's offer to Miss M seems fair to me. And I'm satisfied that it gives Miss M the same opportunity now that she should have been given in April 2020 – to pay the balance that she's jointly liable for, so that the account is considered to have not defaulted.

If Miss M were to accept that offer now, and did pay the outstanding account balance, this would mean that BOS would remove the default from her credit file as if it had never happened. But if Miss M chooses not to pay the outstanding balance that she is jointly liable for, then I'm satisfied that it would be fair for the default to remain in place and be reported on her credit file from April 2020 for six years, until April 2026.

Miss M has said that she's incurred financial loss BOS didn't give her the opportunity to pay the account balance in April 2020. But given that Miss M has refused BOS's recent offer to pay the outstanding account balance, I'm not convinced that Miss M would have paid that balance had the same offer been provided to her in April 2020. And if Miss M had been given the opportunity to pay the outstanding account balance in April 2020, and had refused, then I'm satisfied that it would have been fair for BOS to have defaulted the account and reported the default to Miss M's credit file.

I'd considered asking Miss M to provide a copy of her full credit file so that I could see what applications for credit she's made since April 2020 and whether there were any other adverse factors present on her credit file that might have influenced the rejection of those applications. However, if Miss M had made several credit applications and was confused as to why they were being rejected, I would reasonably have expected her to have checked her own credit file, which Miss M appears not to have done.

As such, I don't feel that it's likely that Miss M has been adversely affected as she's claimed here, or that Miss M would have acted to avoid the default in April 2020 had she been given the opportunity. And because of this I feel that asking Miss M to provide a copy of her full credit file would cause an unnecessary delay here and likely wouldn't give me any cause to change my decision.

Finally, I feel that BOS's apology and payment of £100 compensation to Miss M for not giving her the opportunity to clear the outstanding account balance in April 2020 already represents a fair resolution to this aspect of Miss M's complaint.

In taking this position I've considered the impact of this matter on Miss M, including that I'm not convinced that Miss M would have paid the outstanding balance in April 2020 such that her position now would be any different. And I've also considered the general framework that this service uses when assessing compensation amounts, details of which are available on this service's website.

All of which means that I won't be upholding this complaint or instructing BOS to take any further action here. This is because I'm satisfied that it's fair for BOS to consider Miss M as being jointly liable for the account balance, and because I feel the response that BOS issued to this complaint already provides a fair resolution to it.

I realise this won't be the outcome Miss M was wanting, but I hope that she'll understand, given what I've explained, why I've made the final decision that I have.

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 C and Miss M to accept or reject my decision before 24 December 2024.

Paul Cooper
Ombudsman