

## **The complaint**

Miss H is unhappy that Bank of Scotland plc, trading as Halifax, defaulted her credit card account.

## **What happened**

In January 2024, Miss H raised a complaint with Halifax as she was unhappy that they had defaulted her credit card account and transferred the account debt to a Debt Recovery Agency ("DRA").

Halifax responded to Miss H and explained that they'd defaulted her credit card because Miss H had missed several contractually required monthly payments. Miss H wasn't satisfied with Halifax's response, so she referred her complaint to this service.

One of our investigators looked at this complaint. They didn't feel Halifax had acted unfairly in how they'd administered Miss H's account and so didn't uphold the complaint. Miss H remained dissatisfied, 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.

When Miss H took out the credit card with Halifax she agreed to the contractual terms of that account. And included in those terms was a requirement for Miss H to make at least the minimum payment required on the account every month.

On 14 March 2023, Halifax sent a letter to Miss H which explained that she hadn't made a contractually required monthly payment which meant that her account was in arrears. Halifax's letter also explained if Miss H didn't clear the accrued arrears, that her credit score could be impacted. And the letter also listed several different ways by which Miss H could make a payment towards the account.

Following this, Miss H didn't make a payment towards the account or contact Halifax about her account, and so Halifax sent a second letter to Miss H on 1 April 2023 which repeated the information given in the previous letter.

Following this second letter, Miss H still didn't make a payment to clear the accrued arrears or contact Halifax about her account. And Miss H also didn't make the next contractually required minimum monthly payment. This meant that Miss H's account fell two months in arrears. Because of this, Halifax sent a third letter, dated 20 April 2023, which again explained the arrears that were present on the account and that Miss H's credit score might be impacted because of this, and which again provided information on several different ways that Miss H could make a payment to the account.

But Miss H didn't make any further payment to the account or get in touch with Halifax about it. Additionally, Miss H didn't make the next contractually required minimum monthly

payment, meaning that her account fell three months into arrears. This led Halifax to issue a fourth letter to Miss H, dated 20 May 2023, which updated her on the amount of her account arrears and restated the information given in the previous letters.

This fourth letter also included a default notice, which gave Miss H until 7 June 2023 to clear all of the arrears that had accrued on her account up to that time. And this notice also informed Miss H that if she didn't clear the arrears that Halifax intended to take steps to terminate the credit agreement on the basis that Miss H hadn't adhered to it, which would then result in the defaulting of Miss H's account.

Following the issuance of this default notice, Miss H still didn't make any form of payment or get in touch with Halifax, and so Halifax sent a further letter to Miss H on 21 June 2023 (by which time Miss H's account was four months in arrears), followed by a sixth letter dated 20 July 2023, and a seventh dated 11 August 2023 (by which time Miss H's account was five months in arrears).

Following these letters, and because Miss H continued to not engage with Halifax or make any form of payment to her account, Halifax defaulted Miss H's credit card account on 15 September 2023 and passed the credit card debt to a DRA to collect on their behalf.

Upon consideration, Halifax's actions as I've described them above don't seem unfair or unreasonable to me. This is because Miss H wasn't making the contractually required payments towards the account, and so was in breach of the credit agreement.

I'm satisfied that Halifax sent several letters to Miss H which accurately informed her of the position of her account and the potential consequences of non-action. But throughout this time, Miss H didn't engage with Halifax about her account in any meaningful way. And in the absence of payment or meaningful engagement from Miss H, it seems fair to me that Halifax would have followed the account arrears process that they did which resulted in the defaulting of Miss H's account.

Miss H has said that she didn't receive the letters that Halifax sent her until after her account was defaulted. And Miss H has also said that she was unable to make a payment to her credit card account because Halifax had earlier closed her Halifax current account into which she received her wages and from which she made payments to her Halifax credit account.

But I'm satisfied that Halifax sent the letters that I've referred to above and that they were posted to Miss H's correct address – the address which Miss H has provided to this service as being her correct address. Of course, this doesn't mean that Miss H necessarily received those letters to that address. But this service wouldn't hold a business accountable for the non-delivery of correctly address mail, given that the delivery of correctly addressed mail is undertaken by a postal service over which that business has no direct control.

Furthermore, regardless of whether Miss H was receiving the arrears notification letters that Halifax were sending, it was her responsibility as the credit card account holder to have monitored the account and to have been aware of the position of it. And given that Miss H has said that she was unable to make payments to the account following Halifax's closure of her current account with them, it seems clear to me that Miss H was aware that monthly payments to the account weren't being made. And if Miss H wasn't aware of that fact, then I feel that she reasonably should have been aware of it.

I also don't accept Miss H's statement that she was unable to make payments to the credit card because Halifax had closed her Halifax current account. This is because the closure of the current account didn't diminish or reduce Miss H's contractual obligation to make payments to the credit card account in any way. Instead, it would be reasonably expected

that Miss H would have made payments to the credit card account via another channel.

As previously noted, Miss H has explained that she was receiving her wages into her Halifax current account. It therefore seems reasonable to conclude that following the closure of her current account, Miss H would have arranged alternative banking to allow her to continue to receive her wages moving forwards. And consequently, I see no reason why Miss H wouldn't have been able to have made a payment to her Halifax current account from whatever alternative banking she arranged.

Similarly, our investigator asked Miss H on several occasions how she was able to make her essential payments following the closure of her Halifax current account. But Miss H declined to answer this question on each occasion that it was asked. And I feel that it's reasonable to conclude from this that Miss H did most likely have a viable means of making payments to the Halifax credit card account but didn't do so. And if Miss H had no way of making such a payment, then I would have expected her to have contacted Halifax about this and discussed the matter with them, which Miss H didn't do.

Miss H is also unhappy that after Halifax defaulted her credit card, they transferred her account debt to a DRA who have since contacted her. But Halifax's right to transfer defaulted debt to a DRA is included in the terms and conditions of the credit account, which Miss H agreed to when she accepted the account. And because of this, Halifax didn't need any further consent from Miss H to transfer her defaulted account debt to a DRA.

Finally, I acknowledge Miss H's explanation to this service that she has recently suffered a family bereavement. It's only natural for me to sympathise with Miss H on a personal level regarding this. But if this matter had been impacting Miss H during the events under consideration here, Halifax would only have been able to take this into account if Miss H had contacted them and explained her situation to them, which didn't take place. And I can't reasonably censure Halifax for not acting on information of which they weren't made aware.

All of which means that I won't be upholding this complaint or instructing Halifax to take any further or alternative action here. This is because, ultimately, Miss H didn't make several contractually required monthly payments towards the account which led Halifax to complete an account arrears process which resulted in what I'm satisfied was the fair defaulting of Miss H's account.

I realise this won't be the outcome Miss H was wanting, but I hope that she'll understand, given all that 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 Miss H to accept or reject my decision before 13 March 2025.

Paul Cooper  
**Ombudsman**