

Complaint

Miss H has complained that Bank of Scotland plc (trading as “Halifax”) irresponsibly provided a credit card as well and subsequent credit limit increases to her. She says that this was irresponsible and caused her to pay a significant amount of interest going forward which led to a continued worsening of her circumstances.

Background

Halifax initially provided Miss H with a credit card, with a limit of £1,000.00, in July 2004. Given the account was opened more than two decades ago there is understandably a very limited amount of information from the time. From the records provided by both parties, broadly speaking, I understand that the following limit increases took place on the account:

Date ¹	Limit increase to:
June 2005	£1,700.00
June 2006	£2,200.00
December 2006	£2,900.00
June 2007	£3,650.00
December 2007	£4,650.00
June 2008	£5,400.00
December 2008	£6,900.00
June 2009	£7,900.00
December 2009	£9,400.00
June 2010	£10,400.00
June 2011 ²	£10,400.00

From November 2011, Halifax began steadily decreasing the credit limit on Miss H’s credit card. The following limit decreases took place on the following dates:

Date ³	Limit decrease to:
November 2011	£7,050.00
March 2012	£6,950.00

¹ These dates are approximate as they are primarily based on statement information showing the date payment was due rather than the date of the statement itself. Furthermore, any limit changes are likely to have been applied the month previously.

² It is unclear whether Miss H’s limit was increased in June 2011. Miss H’s statements show her limit remained at £10,400.00 up to and including her April 2011 statement. However, Miss H’s May 2011 statement shows a credit limit of £6,750.00. I don’t know if this was a misprint, a reaction to some other kind of information, or some kind of administrative error. Nonetheless, Miss H’s June 2011 statement shows her credit limit being restored to £10,400.00.

³ These dates are approximate as they are primarily based on statement information showing the date payment was due rather than the date of the statement itself. Furthermore, any limit changes are likely to have been applied the month previously.

May 2013	£6,900.00
April 2014	£6,850.00

In November 2020, after a discussion about a replacement card, Halifax passed Miss H to its persistent debt team, which had been set up to assist customers who were identified as falling under the final stage of the regulator's persistent debt rules. As a result, Halifax agreed a repayment plan of £75.99 per month over 57 months, for the outstanding balance on the card to be repaid, with Miss H. It's my understanding that as of July 2023, Miss H hadn't made a payment to the plan since November 2022.

While the account was passed to Halifax's recoveries team, at the time of writing, the debt remains with Halifax, or at the very least I've not been told that it has been sold to a third party. As this is the case, my review of Miss H's complaint has been on the basis that Halifax still owns the remaining balance on the card and therefore that there is still an ongoing relationship between Miss H and Halifax.

In March 2023, Miss H complained saying that the credit card and the limit increases Halifax provided were unaffordable and caused her to pay a significant amount of interest going forward which led to a continued worsening of her circumstances.

Halifax did not uphold Miss H's complaint. As far as it was concerned, Miss H had complained too late. Miss H remained dissatisfied at Halifax's response and referred her complaint to our service. When responding to our request for its file on Miss H's complaint, Halifax reiterated its belief that Miss H had complained too late.

One of our investigators reviewed what Miss H and Halifax had told us.

He thought that he hadn't seen enough to be persuaded that Halifax failed to act fairly and reasonably to Miss H, either when initially providing Miss H with her credit card or when offering the credit limit increases. This resulted in the investigator deciding against recommending that Miss H's complaint be upheld.

Miss H disagreed with the investigator's conclusions and asked for an ombudsman to look at her complaint.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Basis for my consideration of this complaint

There are time limits for referring a complaint to the Financial Ombudsman Service. Halifax has argued that Miss H's complaint was made too late because she complained more than six years after the decisions to provide the credit card and all of the credit limit increases as well as more than three years after she ought reasonably to have been aware of her cause to make this complaint.

Our investigator explained why it was reasonable to interpret the complaint as being one alleging that the relationship between her and Halifax was unfair to her as described in s140A of the Consumer Credit Act 1974 ("CCA"). He also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I've decided not to uphold Miss H's complaint. Given the reasons for this, I'm satisfied that whether Miss H's complaint about the specific lending decisions was made in time or not has no impact on that outcome.

I'm also in agreement with the investigator that Miss H's complaint should be considered more broadly than just those lending decisions. I consider this to be the case as Miss H has not only complained about the respective decisions to lend but has also alleged that this unfairly caused her to pay a significant amount of interest going forward which led to a continued worsening of her circumstances.

I'm therefore satisfied that Miss H's complaint can therefore reasonably be interpreted as a complaint about the fairness of her relationship with Halifax. I acknowledge Halifax still does not agree we can look at Miss H's complaint, but given the outcome I have reached, I do not consider it necessary to make any further comment or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Miss H's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Miss H's complaint can be reasonably interpreted as being about the fairness of her relationship with Halifax, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (Halifax) and the debtor (Miss H), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship. S140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given Miss H's complaint, I therefore need to think about whether Halifax's decision to lend to Miss H and increase her credit limits, or its later actions resulted in the lending relationship between Miss H and Halifax being unfair to Miss H, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Miss H's relationship with Halifax is therefore likely to be unfair if it didn't carry out reasonable enquiries into Miss H's ability to repay in circumstances where doing so would have revealed the credit card or limit increases to be irresponsible or unaffordable. And if this was the case, Halifax didn't then remove the unfairness this created somehow.

Preliminary matters

I've read and considered everything provided. I accept and acknowledge that Miss H has raised a number of issues which extend past Halifax's decisions to lend. For example, she has referred to Halifax's record keeping and its conduct during her complaint. However, as this is a complaint about the fairness of the lending relationship and complaint handling isn't an activity that I am permitted to consider a complaint about, I've focused on what I am able

to consider and the actions which I think are relevant and important in order to for me to reach what I think is the right outcome.

I also want to reassure Miss H that where I haven't commented on a specific issue she has referred to, or a comment that she may have made, it's not because I've failed to take it on board and think about it. The reason I will not have commented on the issue is because I'm satisfied that I don't need to do so in order reach what I consider to be a fair and reasonable outcome. For the sake of completeness, I would add that our complaint handling rules, which I'm required to follow, permit me to adopt such an approach.

It may also help for me to explain that I will reach my decision on the balance of probabilities. Where the evidence is contradictory, inconclusive or incomplete (as a lot of it is here), I must reach my conclusion based on what I consider is more likely than not to have happened in light of the available evidence and the wider circumstances.

I'll now turn to considering the lending decisions.

Were the decisions to provide the credit card and subsequent credit limit increases unfair?

We do have an explanation about how we handle complaints about unaffordable and irresponsible lending on our website and I've referred to it where it is relevant for me to do so. However, the vast majority of our website guidance covers regulated lending. In this instance, some of the lending decisions that Halifax made predate the regulation of lending and the vast majority of the remaining lending decisions were made prior to the obligations, which our current guidance is based on, were introduced.

Furthermore and, in any event, bearing in mind Miss H's response to our investigator, I think that it would be helpful for me to set out that we consider what a firm did to check whether any repayments to credit were affordable (asking it to evidence what it did) and then determine whether this was enough for the lender to have made a reasonable decision on whether to lend.

Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower's ability to repay.

That said, I think that it is important for me to explain that our website does not provide a set list of mandated checks that a lender is expected to carry out on every occasion. Indeed, the requirements have not and still do not mandate a list of checks that a lender should use. Any rules, guidance and good industry practice in place over the years has simply set out the types of things that a lender could do when considering whether to lend to a prospective borrower.

It is for a lender to decide which checks it wishes to carry out, although we can form a view on whether we think what was done was fair to the extent it allowed the lender to reasonably understand whether the borrower could make their payments. Furthermore, if we don't think that the lender did enough to establish whether the repayments that a prospective borrower might have to make were affordable, this doesn't on its own mean that a complaint should be upheld.

We would usually only go on to uphold a complaint in circumstances where we were able to recreate what reasonable checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

Halifax's decision to provide Miss H with a credit card and the first nine limit increases in the period between July 2004 and December 2009.

When Miss H applied for a credit card in July 2004, this not only predated the current regulator's (the Financial Conduct Authority ("FCA")) rules and guidance which came in in April 2014, it also predated the regulation of consumer credit. Prior to April 2007, while a number of lenders signed up to various voluntary codes, a lender wasn't required to be regulated in order to provide credit.

Furthermore, while a lender was required to be regulated by the Office of Fair Trading ("OFT") from April 2007 onwards, the OFT didn't introduce its main guidance on irresponsible and unaffordable lending until March 2010. Therefore, the vast majority of the decisions Halifax made to offer Miss H credit - the decision to provide the card itself and the first nine limit increases - took place prior to the introduction of the main regulations and standards in relation to irresponsible and unaffordable lending.

That's not to say that there weren't any expectations or standards in relation to lending at the time Miss H applied for a credit card and the first nine limit increases were offered. I understand that Halifax was a subscriber to then British Bankers' Association's Banking Code, which was in place at the time. But it would be fair to say that its obligations and responsibilities were not the same as they are now. For example, the concepts of borrower focused assessments and proportionate checks were not part of the expectations or requirements at the time. And neither were concepts such as persistent debt.

What Halifax agreed to do – as a result of it being a subscriber to the banking code – at the time of Miss H's application for a credit card and its decision to offer limit increases, was assess whether it felt that she would be able to repay any lending. I therefore need to consider this part of Miss H's complaint in relation to these expectations that were in place on a lender at this time.

The initial decision to provide Miss H with a credit card

In this instance, I'm led to understand that Halifax initially agreed to Miss H's application after it obtained information on her income and carried out a credit search. And the information obtained indicated that Miss H would be able to make the monthly repayments due on a credit card with a limit of £1,000.00. Due to it considering that Miss H's account was being relatively well managed, Miss H was then subsequently offered her credit limit increases.

On the other hand, Miss H says that the credit card and the subsequent limit increases were unaffordable and caused her ongoing hardship because of the increased amount of interest.

I've considered what the parties have said.

What's important to note is that Miss H was provided with a revolving credit facility rather than a loan. This means that to start with Halifax was required to understand whether Miss H could repay £1,000.00 within a reasonable period of time. It's fair to say that it wouldn't have required especially large monthly payments in order to clear the full amount that could be owed, as a result of a credit limit of £1,000.00, within a reasonable period of time.

Halifax hasn't been able to provide any details on what it found out about Miss H as a result of the credit checks that it carried out prior providing the card. Given this application took

place more than twenty years ago, I don't think that this lack of information is unreasonable. Therefore, I've not drawn any adverse conclusions as a result of Halifax not being able to provide this.

Miss H has said that her data subject access request ("DSAR") has no record of any credit searches and has queried whether any actually took place. However, I can see that her signed credit card agreement does include a statement that she authorises Halifax to carry out credit checks on her. Of course, this does not in itself mean that Halifax did carry out such checks, however it does suggest that this may well have happened.

In any event, I'm also mindful that I've not been provided with any information and neither has it even been argued, that Miss H had any significant adverse information – such as defaulted accounts, county court judgments ("CCJ") recorded against her at this time.

Miss H's credit agreement shows that she declared, or at least confirmed that she was receiving, an annual income just under £10,000.00⁴ and that she was single while living with her parents. As I've explained, I've not been provided with anything to suggest that Miss H had adverse information, or any evidence or information which shows me that she was in financial difficulty in June 2004. In these circumstances, I cannot reasonably conclude that Halifax acted unfairly in providing Miss H with her credit card.

Halifax felt that Miss H could repay £1,000.00 within a reasonable period of time and I've not seen anything which clearly shows me that this wasn't the case. As this is the case, I've not been persuaded that Halifax's decision to provide Miss H with her credit card was unfair or that it resulted in unfairness going forward.

The first three limit increases

As I've explained previously, the first three limit increases were provided between June 2005 and December 2006. I've also explained that these limit increases were provided prior to the need for a lender to be regulated by the OFT, or anyone else for that matter, before it was able to offer credit to a borrower.

Again, there is limited information on what led Halifax to conclude that it was fair and reasonable to offer these credit limit increases. However, once again, I don't think that there is anything unusual for a firm to no longer hold records from more than eighteen years ago. In any event, I've not seen anything to indicate that Miss H's overall position had worsened over this time.

Halifax clearly felt that Miss H could repay £1,700.00, £2,200.00 and then £2,900.00 within a reasonable period of time. I've not seen any sort of deterioration in Miss H's overall financial position and the statement information Miss H has provided shows that she was making her payments too. Furthermore, as I've explained, it's fair to say that the standards expected of lenders at this time was far more light touch than it is today.

As this is the case, I've not been persuaded that Halifax's decision to provide Miss H with the first three limit increases, on the credit card, was unfair or that they resulted in unfairness going forward.

⁴ The application form/credit agreement has a print out of some information on Miss H's circumstances. The document itself states that the details printed on the agreement had been provided by Miss H as part of her application. Miss H was asked to check that Halifax had recorded her information correctly and then sign and return the document. Miss H signed and returned this document before her credit card was provided to her.

The six limit increases between June 2007 and December 2009

By the time of these lending decisions, a lender was required to be regulated in order for it to be able to carry out consumer credit activities. The OFT was the regulator of those lenders that wished to carry out consumer credit activities. However, these six limit increases were offered prior to the ILG coming into force in March 2010.

Nonetheless, while I accept that it was the ILG which set out that a lender was required to carry out proportionate checks into a customer's circumstances in order to reach a reasonable determination on whether they could repay any credit provided, I'm mindful that between June 2007 and December 2009, Miss H's credit limit was being increased from £2,900.00 to £9,400.00.

I can't see how Halifax could reasonably have felt that Miss H would be able to repay such increased amounts without having some kind of idea about her income and expenditure. I wish to make it absolutely clear that I'm not saying that Halifax needed to carry out reasonable and proportionate checks at these respective times. What I'm saying is that given the amount Halifax was lending, I think that it had to have a reasonable idea of Miss H's circumstances before it could fairly and reasonably say that it felt Miss H could repay the amounts in question.

I accept that Halifax has limited information on what it did do given it is being asked about events more than fifteen years ago. However, I'm mindful that it hasn't told me that it did anything at all to find out more about Miss H's income and expenditure. So it hasn't even told me that its general process would have resulted in it taking additional steps to find out whether Miss H could repay the increased credit. And it's possible it was still relying on the information that was on the initial agreement from July 2004.

Indeed, the only thing it has provided in relation to Miss H's income is what was included on her initial credit agreement. As this information was from more than five years prior to the December 2009 limit increase, which would have been increasing her credit limit to an amount that was more than her recorded annual income in July 2004, I can't agree that Halifax knew enough such that it could reasonably feel that Miss H could make the increased payments.

In these circumstances, I've not been persuaded that Halifax did do enough before increasing Miss H's limit between June 2007 and December 2009.

I'll now consider whether Halifax acted fairly and reasonably in relation to what was done prior to the final limit increase, before I return to the question of whether Miss H lost out as a result of Halifax failing to do enough to find out about her circumstances prior to providing limit increases four to nine.

The final two limit increases

Whether the May 2011 statement has a misprint and Miss H's credit limit was only increased to £10,400.00 on a single occasion, or whether there were two separate decisions to increase the limit to this amount in June 2010 and then in June 2011, any decisions will have been made after the OFT's ILG had been published in March 2010. By this stage, the ILG set out that a lender was required to carry out proportionate checks into a customer's circumstances in order to reach a reasonable determination on whether they could repay any credit provided.

Once again given the length of time that has passed, Halifax has been unable to provide much on the results of the credit checks it carried out. Although given what Miss H has said

about doing everything that she could in order to make her payments, I think it is unlikely that Miss H had any significant adverse information recorded against her.

What I've seen of Miss H's payment history also appears to suggest that her payment record on this card would have been considered reasonable at this time too. So I don't think that there was any adverse payment information in relation to this card either.

Nonetheless, even though Miss H is unlikely to have had any significant adverse information recorded against her, as a credit limit of £10,400.00, will have required reasonably chunky monthly repayments, in order to repay what could be owed within a reasonable period of time. In these circumstances, I would have expected Halifax to have found out more about Miss H's income and expenditure, including information on her regular committed living costs, before offering to increase Miss H's credit limit to £10,400.00.

As Halifax hasn't provided me with any indication that it did do this, let alone what the results showed, I don't think that the checks it carried out before it increased Miss H's credit limit to £10,400.00 were reasonable and proportionate.

As this is the case, I'm satisfied that Halifax failed to carry out reasonable and proportionate checks before increasing Miss H's credit limit to £10,400.00. I'll now proceed to consider whether it is more likely than not that Halifax finding out more about Miss H's circumstances, would have resulted in it taking different decisions to lend to her.

Would further checks have made a difference to Halifax's decisions to offer the limit increases from June 2007 onwards

I've already explained why it is that Halifax has not persuaded me that it carried out on Miss H's circumstances, prior to providing the limit increases from June 2007 onwards, were sufficient. However, as I explained in the early part of this decision, even if we don't think that the lender did enough to establish whether the repayments to a credit agreement were affordable, this doesn't on its own mean that a complaint should be upheld.

We would usually only go on to uphold a complaint in circumstances where we were able to recreate what the checks in question are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

Therefore, as Halifax should have done more from June 2007 onwards, I've gone on to decide what I think Halifax is more likely than not to have decided, in relation to offering the limit increases, had it done that here. Given the circumstances here, I would have expected Halifax to have had a reasonable understanding about Miss H's regular living expenses as well as her income and existing credit commitments.

I've considered the information Miss H has provided us with. Having done so, this information appears to show that Miss H did have the funds, at the respective times of the lending decisions at least, to make the required payments, which she was at the time making.

Miss H has provided some bank account statements. The first thing for me to say is that Halifax did not need to obtain Miss H's bank statements before lending. Indeed, it isn't even a requirement for a lender to request bank statements at this time. So I've not looked at these bank accounts because Halifax ought to have obtained them from Miss H.

Nonetheless, these statements don't clearly show me that Miss H was struggling financially. I appreciate that Miss H may have been using an overdraft. But using a financial product and

being charged for doing so, does not mean that a customer should not be provided with other credit.

Furthermore, and most importantly, the nature of Miss H's transactions, which on the whole appear to have been discretionary, don't show me that she obviously couldn't make the required payments to this credit card. Miss H may be unhappy that her bank allowed her to use her overdraft in the way that it did. But that is a matter for her to take up with her bank and does not mean that Halifax should not have offered to provide her with the credit limit increases on this credit card.

I've also seen that Miss H has provided a letter showing that she was declined a credit card by another provider. However, I don't think that this means that the credit limit increases on this credit card were unaffordable. Different credit card providers have different appetites for credit risk and it isn't for me to tell a lender that it should have declined an application for credit simply because that is what a different lender chose to do.

It's also worth noting that the provider Miss H applied for a new credit card with, is likely to have seen this account and the full credit limit she had on this card as part of its checks. Therefore, it would have been required to consider Miss H's ability to repay a new credit card alongside her ability to repay £10,400.00 within a reasonable period of time. In these circumstances, I don't think that it follows that Miss H being refused a credit card by another provider shows that Halifax failed to act fairly and reasonably towards her.

Equally, it is only fair and reasonable for me to uphold a complaint in circumstances where I can see that any additional credit provided was clearly unaffordable. And I'm afraid that I've not been persuaded that Miss H could not make the increased monthly payments required should she owe the full amount of the new credit limits.

For the sake of completeness, I'm also mindful that these credit limit increases were offered over six years, or seven years if the final limit increase was a limit increase rather than an administrative correction. Most importantly, Miss H had a balance of just under £1,000.00 when she was offered her first limit increase in June 2005. Miss H's balance was at around £1,700.00 when the limit increase to £10,400.00 was first applied to her account in June 2010. So Miss H balance on this card had only increased by around £800 in this time.

Miss H's balance did spike around April 2011. And Miss H has correctly referred to the fact that the amount of interest she was required to pay from this point increased. However, this is because she had a larger balance and as Miss H was paying interest on a larger balance it naturally followed that the amount of interest would increase.

Furthermore, I accept that Miss H's May 2011 statement summary shows that she made transactions of just under £5,000.00 in the previous month, However, it also shows that Miss H made a payment of just over this on that statement too. The headline statement information does not show me the individual transactions. Nonetheless, I'm not persuaded that the activity on Miss H's credit card account was enough in itself to show that it was unfair to offer the credit limit increases.

Bearing all of this in mind, I can't reasonably say that this is a case where the limit increases and Miss H's account usage meant that it was unfair for Halifax to offer Miss H these limit increases either.

So overall and having carefully considered everything and while I appreciate that this will disappoint Miss H, I've not been persuaded that further checks would have shown Halifax that it shouldn't have provided the credit limit increases it provided to Miss H from June 2007

onwards. Furthermore, I don't think that Miss H's pattern of borrowing meant that it wasn't fair for Halifax to offer these increases either.

As this is the case, I've not been persuaded that Halifax's decisions to offer the limit increases that it did from June 2007 onwards was unfair, or that this resulted in unfairness going forward either.

Other matters

Miss H has referred to making complaints to Halifax prior to April 2023 and that Halifax treated her unfairly during this period. I note that Miss H did make a complaint about Halifax refusing to provide her with a new credit card so that she could make a zero percent balance transfer, in November 2020.

I'm limited to what I can consider in relation to this matter as Halifax did issue a final response on this complaint in November 2020 and Miss H did not refer this complaint to us within six months of the date of this letter. Nonetheless, irrespective of Halifax's actions in not providing a replacement card so that Miss H could make a balance transfer, what I do know is that Miss H was put on a persistent debt paydown plan at this point.

This meant that Miss H could repay her balance interest free, over 57 monthly payments of £75.99. This was actually a better solution than a balance transfer as a balance transfer is likely to have incurred a transfer fee. I note that Miss H has said that she believes that she was offered this deal was because Halifax wasn't able to provide her with a new card. I don't know if that did play a part.

But what I do know is that the regulator introduced new rules regarding persistent debt on credit cards in 2018. The final stage of these rules came into operation in 2020⁵. This permitted credit card providers to close a credit card to new spending where customers were not taking sufficient steps to reduce balances that were in persistent debt. The lender would then set up an affordable pay down plan for the balance owed, even if a customer was making their minimum payment in accordance with the terms and conditions of the account.

I understand that Miss H was in persistent debt in November 2020. I suspect that her complaint, at this time, coincided with when Halifax was, in any event, due to write out to her. I do know that many firms had delays in implementing this part of the rules, because of the onset of the pandemic and the regulator asked lenders to consider delaying taking such action.

Miss H's submissions suggest that Halifax should have taken the action it did take in November 2020 earlier and that the delay in it doing so resulted in it charging her an unfair amount of interest. However, as this part of the persistent debt rules only came in force in 2020, Miss H would only have been entitled to such a plan, without any adverse information being recorded against her, at this point and not earlier.

While I appreciate that Miss H considers that the amount of interest she was charged was unfair, I want to be clear in saying that I haven't considered whether the various amounts Halifax charged her were fair and reasonable, or proportionate in comparison to the costs of

⁵ The persistent debt rules actually came into force in 2018. This is when the first PD18 letters will have gone out. As the paydown plan phase starts at 36 months, it wasn't until 2020 where the first accounts will officially have been in persistent debt for the required time. It is only where this criteria was met that a lender was permitted to impose solutions aimed at helping reduce a customer's debt, without adverse credit information being recorded, irrespective of whether the customer was maintaining the account in line with the terms and conditions.

the service provided. Ultimately how much a bank or financial institution charges for services is a commercial decision. And it isn't something for me to get involved with. All I can do is consider whether the interest was applied in line with the terms and conditions and the rules, regulations and guidance at the respective times.

Miss H may feel that the amount of interest that she was charged prior to 2020 is unfair because there are now persistent debt rules which require firms to take action to limit the amount of interest paid by a customer on a credit card, without it recording adverse credit file information against them. I do accept that as a result of the rules that are now in place, it is unlikely that a borrower taking out a credit card now would be able to run their account in the way that Miss H ran her account (i.e. making minimum payments for as long as she appears to have done) and therefore accrue the amount of interest that she did.

However, as these persistent debt payment plan rules weren't in place earlier, I can't say that Halifax acted unfairly by not to have offering one to Miss H earlier. Prior to this, Halifax would have had a regulatory obligation to exercise forbearance and due consideration, in the event that Miss H had said she couldn't afford to pay her credit card, or it knew that she was experiencing financial difficulty.

I note that Miss H has said that she called up Halifax to ask for help but that this isn't in Halifax's records. This may or may not be the case and I don't know if Miss H did say that she was struggling to make her credit card payments prior to 2020, or whether she may have just been unhappy with any fees that might have been applied.

In any event, any forbearance measures taken in these circumstances would have been reported to credit reference agencies and would more likely than not had an adverse impact on Miss H's credit score. I don't think such a measure would have been unfair as a lender is required to report accurate information to credit reference agencies, so that a borrower who may already be in difficulty isn't advanced further credit without a later lender being aware of this. After all it would be counterproductive and not in Miss H's or a prospective lender's interest for Miss H to have been advanced further credit if she was in a position where she couldn't pay what she owed.

Miss H has been consistent in saying that she did not want adverse information recorded against her and that she did whatever she could to ensure that she made her payments so that this did not happen. In these circumstances, I don't think that it would have been unreasonable for Halifax to notify Miss H that adverse information would be recorded before offering her a forbearance plan. Indeed, I suspect that Miss H will have had a valid complaint if it had failed to tell her about this before putting a plan in place.

Furthermore, given that Miss H appears to have been operating her credit card within its terms and conditions, I don't think that it would have been fair and reasonable for Halifax to have imposed a forbearance solution, if Miss H refused one on the grounds that she didn't want adverse information recorded against her. It's difficult to see how Halifax could have imposed a solution without clear evidence that Miss H was unlikely to meet the terms of her agreement and had a justified reason to terminate it.

In these circumstances, I've not been provided with sufficient evidence that Halifax acted unfairly in charging the interest that it did, or that this resulted in the lending relationship between Halifax and Miss H being unfair to Miss H.

Overall, and based on the available evidence I don't find that Miss H's relationship with Halifax was unfair. I've not been persuaded that Halifax created unfairness in its relationship with Miss H by irresponsibly lending to her whether when initially agreeing to provide her

with a credit card, or in respect of offering her limit increases. Based on everything I've seen, I don't find Halifax treated Miss H unfairly in any other way either.

So overall and having considered everything, while I can understand Miss H's sentiments and appreciate that she feels strongly about matters, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Miss H. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Miss H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 17 March 2025.

Jeshen Narayanan
Ombudsman