

The complaint

Mr B has complained that Bank of Scotland plc trading as Halifax failed to monitor his account usage and identify was over reliant on his overdraft.

What happened

On 7 December 2018 Halifax agreed a £250 overdraft limit. Between this point and early April 2019 Mr B's limit is increased and decreased on a number of occasions between £250 and £500. From early April 2019 his agreed overdraft limit remains at £500.

Mr B, together with his representatives, have complained that Halifax failed to monitor his overdraft usage and regularly review his account. Mr B argues that had Halifax taken these steps it would have seen that he was struggling to repay his overdraft and that he had relied on it for a sustained period of time when overdrafts are designed for short term use.

Halifax considered the complaint. It issued a final response letter upholding the complaint in part. It agreed it hadn't properly monitored the account and that there were signs Mr B was struggling to manage the account. So Halifax said from the first review point (7 December 2019) Halifax shouldn't have renewed Mr B's overdraft, and they agreed to uphold the complaint from this point.

Halifax's offer was to refund all fees and charges from the point of it's first review onwards. It said it would then apply this amount to the outstanding balance Mr B owed on the account. It also offered to backdate the adverse information on Mr B's credit file relating to the account, to the first review point. The investigator agreed that this was a fair offer and explained that to Mr B. Mr B and his representatives didn't agree to this and asked for an ombudsman to consider the complaint.

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 has agreed it should have taken steps from the first review point, which it's said was a year from the initial overdraft limit. So, I only need to consider if there was an earlier point which Halifax should have intervened.

I've noted Mr B and his representatives haven't complained about Halifax granting the overdraft limits, however I think that following the initial limit being granted its reasonable to expect that Halifax would have considered the running of the overdraft before agreeing any subsequent limit changes. I've therefore looked at the early running of the account up until the final limit increase in early April 2019. I can see credits coming into the account and although the overdraft was used, I'm not persuaded that within this short period of time Halifax should have taken action based on the running of the account.

The overdraft usage continues in this manner and although the overdraft is heavily used, there are still credits coming into the account and following this the account has some

periods where it is in credit. However, Mr B does regularly exceed his limit by small amounts and this is usually because he's reached his overdraft limit and the fees take him over this. So I think a clear pattern of overreliance does emerge in the later half of 2019.

However, as explained above, Halifax has already agreed it should have acted from early December (the point of the first review) and has offered to refund all overdraft fees and charges from that point. And in the circumstances, I think that even if an account review wasn't due at this time, I would have reached a similar conclusion – that due to the running of the account Halifax should have stepped in at this point.

So it follows that I think Halifax has made a fair offer to resolve this complaint.

My final decision

For the reasons explained, I think Bank of Scotland Plc trading as Halifax should put things right in the way it set out in its final response letter.

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

Claire Lisle
Ombudsman