

The complaint

Mr A complains that Bank of Scotland plc trading as Halifax are holding him liable for a debt he thought had been written off.

What happened

Mr A held a credit card with Halifax. The account fell into arrears and the balance was part of a debt management plan with StepChange.

Mr A says that in April 2021 StepChange were informed by Halifax that the balance on the credit card was nil. StepChange removed the debt from the debt management plan and no further payments were sent to Halifax.

In November 2024 Mr A borrowed some money from a family member and reached a final settlement with all the creditors left in the debt management plan.

In 2024 Mr A received a statement from Halifax relating to the debt which showed that he still owed them money.

Mr A contacted Halifax, who initially advised him that the debt had been written off, but in a further conversation advised him the debt hadn't been written off and that there was a balance that he remained liable for. Mr A complained to Halifax and asked them to write off the debt.

Halifax issued a final response on 19 November 2024. It said it hadn't advised StepChange that the debt was written off in April 2021. It said it had received an offer from StepChange in April 2021, but the account was with an external agent at the time and the offer was rejected. Halifax said the last payment it had received on the account was on 12 April 2021. Halifax said the debt had been back with the recoveries team since February 2022 and the balance was £5,332.84. Halifax acknowledged that Mr A had been given incorrect advice when he first called them and paid compensation of £40.

Mr A remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said he hadn't seen any evidence that Halifax had agreed to write the debt off. The investigator said that the compensation paid by Halifax for the incorrect advice on the telephone was fair.

Mr A didn't agree. He said that when StepChange contacted Halifax in April 2021 they were advised that the debt was showing as zero. Mr M said that for a period of over three and a half years neither he nor StepChange had received any communication from Halifax or any third party in relation to the debt. Mr M said he was convinced that the debt had been written off. Mr A said that when he first telephoned Halifax in November 2024, they advised him that the debt had been written off only to change the position the following day. Mr A said that if Halifax had kept in touch with him or StepChange about the debt it would've been settled when he reached a final settlement with all his creditors but now there were no funds. Mr A said he'd been left in an intolerable situation. Mr A said he wanted Halifax to write off the debt.

but if they wouldn't, he wanted them to accept a final settlement figure as his other creditors had done.

Because Mr A didn't agree I've been asked to review 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.

I know it will disappoint Mr A but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on those points which are most relevant to my decision. If I don't comment on a specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've reviewed the history of the account. The last payment on the account was £39.32 on 12 April 2021.

The notes show that on 21 April 2021 Halifax received an offer to continue with payments of £39.32 from StepChange. At the time the account was with a third-party debt recovery agency called Westcott and the offer was rejected. No further payments were received from StepChange after this.

I can see that the account remained with Westcott until August 2021. From August 2021 until February 2022 the account was with another third-party debt recovery agency called Moorcroft. In February 2022 the account was transferred back to Halifax recoveries team.

I can see that in December 2022, November 2023 and October 2024 Halifax sent an annual statement of account to Mr A advising him of any payments received and the balance outstanding.

Based on what I've seen, there's no evidence that StepChange was advised that the debt had been written off.

Mr A has said that StepChange were advised in April 2021 that the account balance was zero. It's possible – but I can't be certain because I wasn't party to the conversation and there are no telephone notes available for me to review - that StepChange was advised that the balance was zero, because it's not uncommon for accounts which have been sent to recoveries to have a zero balance recorded for administrative purposes. This doesn't mean that the debt has been written off, or that there isn't a balance owing on the account.

Even if StepChange was advised that the balance was zero, they ought reasonably to have known that this wasn't a correct reflection of the account because they were managing the debt on behalf of Mr A and would have written to all creditors to obtain current account balances before setting up monthly payments.

I appreciate that Mr A believed that the debt had been written off and I understand that he's unhappy about the situation. However, based on what I've seen, there's no evidence that Halifax advised StepChange, Mr A or anyone else that the debt had been written off in 2021.

When Mr A contacted Halifax in November 2024 regarding the statement he'd received showing a balance on the account, he was initially advised that the debt had been written off. Halifax has acknowledged that this was incorrect advice. The incorrect advice was corrected

when Mr A called a second time and Halifax has offered compensation of £40 for the error.

I appreciate that Mr A believes that there is something more which led to Halifax advising him that the debt had been written off when he first called. However, having reviewed the information provided, I'm satisfied that this was an administrative error by the Halifax agent. The impact on Mr A was minor because the advice was corrected the following day. In the circumstances I think the compensation offered is fair and reasonable.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 20 May 2025.

Emma Davy
Ombudsman