

## **The complaint**

Mrs W complains that Bank of Scotland plc trading as Halifax lent to her irresponsibly in relation to a credit card account.

In bringing her complaint, Mrs W is supported by a representative. For ease, though, I'll only refer to Mrs W throughout.

## **What happened**

In August 2022, Mrs W was provided with a credit card by Halifax with a credit limit of £1,000. In early 2024, Mrs W complained to Halifax. In summary, she said it had irresponsibly lent to her and that sufficient checks – to ensure her affordability status – hadn't been undertaken.

Halifax didn't uphold the complaint. It said, in summary, that it had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis, the credit card had been provided. So it was satisfied it had lent responsibly.

Mrs W disagreed, she still thought that Halifax was wrong to have lent to her. So, she referred her complaint to this Service for independent review.

An Investigator here considered what had happened; having done so, he didn't think Halifax had done anything wrong. In short, the Investigator said:

- The checks carried out by Halifax were proportionate in the circumstances.
- The information gathered as a result of those checks wouldn't have given Halifax any cause for concern. And there was nothing that would have suggested to Halifax that Mrs W was struggling financially and/or wouldn't be able to afford the repayments of this credit card.
- Any financial struggles, which did materialise for Mrs W later, wouldn't have been apparent to Halifax at the time it provided her the credit card.
- Overall, with that in mind, Halifax hadn't acted unfairly or unreasonably in giving Mrs W this credit card.

Mrs W disagreed; she maintained that she'd been irresponsibly lent to by Halifax. And she pointed particularly to the fact that Halifax had failed to include any costs for her rent in its affordability assessment. So, she asked the investigator to reconsider. But the investigator maintained his position that he felt the checks carried out were proportionate.

So, as no agreement has been reached, Mrs W's complaint has now been passed to me to decide.

## **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.

Having done so, while this will no doubt disappoint Mrs W, I agree with the findings of our Investigator for broadly the same reasons. I'll explain why.

The rules and regulations in place at the time Mrs W was provided with the credit required Halifax to carry out a reasonable and proportionate assessment. That's to determine whether she could afford to repay what she owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Mrs W. So, Halifax had to think about whether repaying the credit sustainably would cause her difficulties, or other adverse consequences. In other words, Halifax had to consider the impact of any repayments on Mrs W.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g: their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Halifax did what it needed to before agreeing to lend to Mrs W.

Here, before agreeing to lend, Halifax checked data recorded with Credit Reference Agencies ("CRAs"); it relied upon information provided by Mrs W in her application, and it carried out an affordability assessment. I've been provided the results of Halifax's checks and, in my view, the data it gathered didn't suggest that there was any real cause for concern.

Rather, information obtained from CRAs didn't show any recent defaults or County Court Judgments ("CCJs"); nor was Mrs W subject to an Individual Voluntary Arrangement ("IVA").

Halifax recorded that Mrs W's residential status showed she was a tenant and renting privately. Initially, Halifax had recorded Mrs W's monthly rent commitments as 'zero'. It's unclear whether this was because Mrs W declared 'zero' outgoings, or she didn't complete it. However, Halifax took further steps to calculate her outgoings, using data it obtained from the 'Office of National Statistics' (ONS) to estimate Mrs W's monthly commitments, which it estimated to be around £930. It then deducted this figure from her declared income of £19,000 per annum (which would have equated to approximately £1,500 per calendar month), which it verified using current account turnover data (CATO).

Based on the information it obtained, Halifax concluded that Mrs W had more than enough disposable income to cover the cost of what it considered to be a generous monthly repayment of around 5% of the credit card balance – which, would have been approximately £50 per calendar month. And there was nothing else to suggest to Halifax that Mrs W wouldn't be able to sustainably repay the credit provided here.

Keeping in mind the monthly repayments required to clear the balance of the credit card provided (if Mrs W utilised the full credit limit); and, given that neither the CRA data, nor application or affordability data, raised any immediate concerns; I think the checks undertaken by Halifax before lending to Mrs W were proportionate, and the information it gathered suggested that a credit limit of £1,000 was likely to be affordable for her. So, I wouldn't have expected Halifax to do any further checks or verification in these circumstances, particularly given the level of borrowing.

I appreciate the credit data Mrs W has supplied now, suggests that she potentially had more outgoings at the time of the lending than Halifax concluded. But it's important to note, that I wouldn't have expected Halifax to carry out a full review of Mrs W's circumstances, given the credit limit it was providing, and the information it had already gathered through its checks. And in these circumstances, I'm satisfied it was entitled to rely upon the data it gathered as a result of its proportionate checks. So, while I appreciate there is some disparity between Mrs W's actual financial position at the time of the lending, and the information Halifax obtained, I've seen nothing to suggest that Halifax's checks needed to go further based on the credit information it saw.

I am sorry to disappoint Mrs W; I know this won't be the outcome that she's hoping for, and I certainly don't mean to downplay the impact she's said this matter has had on her. But it's for the reasons I've explained, that I don't think Halifax acted unfairly or unreasonably when it provided her with a credit card with a £1,000 limit. So, it follows that I'm not upholding this complaint.

Separately, whilst I'm not upholding the complaint, I do want to remind Halifax of its obligations to exercise forbearance moving forward. I would certainly encourage Mrs W to keep in regular contact with Halifax about any difficulties she's now facing in maintaining any outstanding repayments that may be owed.

Finally, I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Halifax lent irresponsibly to Mrs W or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My final decision is that I do not uphold Mrs W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 11 July 2025.

Brad McIlquham  
**Ombudsman**