

The complaint

Miss A is unhappy with how Bank of Scotland plc, trading as Halifax have engaged with her about an outstanding overdraft balance.

What happened

Miss A opened a student account with Halifax in 2013 with an arranged overdraft limit of £1,000. Miss A last used the account in October 2023, at which point there was an outstanding overdraft balance of £999.98.

In May 2024 Halifax removed the overdraft facility, so it was now unarranged, and Miss A called Halifax on 12 June 2024 to find out what had happened. Miss A was told because she had not paid anything into the account for several months this had led to the removal of the overdraft.

On 4 July 2024 Halifax issued Miss A with a final demand to repay the overdraft. They wrote to Miss A again on 10 August 2024 giving Miss A notice that her account would be closed if she didn't take any action.

On 17 September 2024 the account was reported as defaulted to the credit reference agencies (CRAs) and the account was sold to a third party in October 2024.

Miss A settled the outstanding balance shortly after hearing from the third party.

Miss A contacted Halifax and complained she had not been given clear information about what was happening with her overdraft and her account, and said that she had not received the letters in July 2024 and August 2024. Miss A was disappointed better attempts had not been made to contact her.

Halifax did not uphold Miss A's complaint as they said they had fairly applied the terms and conditions of the account and made reasonable attempts to contact Miss A. They also said Miss A had been provided with information about the account during the call on 12 June 2024.

Our Investigator concluded Miss A's complaint should not be upheld as they said Halifax had acted fairly in the circumstances.

Miss A strongly disagreed as she did not think Halifax had treated her fairly. Miss A said she had not been given clear information during the call on 12 June 2024 and she had not received important correspondence from Halifax. Miss A said if she had been made aware what would happen if she made no payment to the account then she would have repaid the outstanding balance earlier.

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 have only included a summary of what has happened above and while I may not respond to every point each party has raised, I have reviewed all the submissions available and I have focused on what I consider relevant to reaching a fair and reasonable resolution in this matter.

I'm aware from Miss A's submissions she has expressed concerns about Halifax's general practices, so for the avoidance of doubt I make clear that my role is to decide the complaint based on what is fair and reasonable in the individual circumstances of the case. It is not for me to interfere with a firm's processes, systems or controls, nor is it my place to fine or punish a firm – these are all considerations for the appropriate regulator.

Having reviewed everything that is available to me I have reached the same outcome as our Investigator for broadly the same reasons. That is, I have not seen enough here to persuade me that Miss A's complaint should be upheld, as I'll explain.

Miss A was required, under the terms and conditions of the account, to make deposits into it, and as the last deposit Miss A made to the account was in October 2023, this prompted Halifax several months later to take steps to remove the arranged overdraft.

Miss A's communication preferences were set to 'paperless' meaning correspondence was sent to her online inbox. The online inbox shows Halifax wrote to Miss A several times in April 2024 explaining she would need to pay something into her account, and if she did not that the arranged overdraft would be removed and so any sum overdrawn would be in an unarranged overdraft. Letters explained an unarranged overdraft would be reported to the CRAs and could lower Miss A's credit score.

In early May 2024 Halifax wrote to Miss A to say that due to no payment being received her arranged overdraft had been removed, and as the account was now in an unarranged overdraft £999.98 needed to be paid to clear it. The letter explained how Miss A's credit file could be affected and offered ways Halifax could help, setting out that the account could be passed to a specialist team or a debt collection agency.

I'm aware Miss A has said she did not check her online inbox as she had stopped using the account; however, the account remained open and there is a general expectation that customers be responsible for checking their own accounts. The online inbox also included correspondence for Miss A's other accounts with Halifax and provided headlines for each entry of correspondence sent. The entries in relation to the letters above included headings: *Please make a payment to keep your arranged overdraft.*

In the circumstances I think Halifax took reasonable steps to let Miss A know she needed to take action to keep her arranged overdraft.

Miss A has said she relied on information she was given by Halifax during a call on 12 June 2024. I've listened to this call.

Miss A was prompted to call Halifax on 12 June 2024 following receipt of a letter from Halifax, and she called to understand what had happened to her overdraft. Miss A was told by different staff the arranged overdraft had been removed due to no funds being paid into the account and that she could set up a repayment plan to repay the balance owed. Miss A was also assured there were no fees or charges applied.

During the call Miss A was put through to the overdraft applications team to see if they could answer some of her queries, and she was also told to call back to the collections team

afterwards to see if she could pay back the balance. Miss A said she would call back if she needed to.

Miss A was told by the staff member in the overdraft applications team that they could not give her advice. Miss A expressed concern about the unarranged overdraft having a potential impact to her credit file, and the staff member said there was no time limit to repay the debt, but it would be better to pay it off quickly for the purposes of improving her credit score. Miss A again expressed her concern about the overdraft balance affecting her ability to obtain credit as she was looking to buy a house.

Miss A asked if paying off the balance now would help her credit score straight away and the staff member said it would be better so long as Miss A could do so comfortably. Miss A said she could do this comfortably, and asked if she just needed to call the other number. The staff member explained that was possible and there were other ways to pay back the balance as well, such as transferring from another account straight into her Halifax account.

Miss A did not call the collections team back, and no payment was made to the account following the call.

While I have given Miss A's submissions about the telephone call careful consideration, I have to also consider that following the telephone call Miss A was sent text messages from Halifax about the account from their collections team; a letter in early July 2024; further text messages from the collections team and a letter in mid-August 2024.

The letter in early July 2024 set out that Miss A had been asked to get in touch about her unarranged overdraft and explained the letter was a formal demand to repay the full amount in the next 30 days, or to call and put a repayment plan in place. The consequences of not doing this were listed, and included that Miss A's account would be closed in two months of the date of the letter; that Miss A's credit file may be updated with a default which would remain for six years on her credit file making it difficult to obtain credit in the future; and that a debt collection agency could be asked to recover the money. Details of available support and how to pay were also provided.

The letter in mid-August 2024 asked Miss A to get in touch before Halifax closed her account. They explained no payment had been made and if there was no contact within the next 30 days they would close Miss A's bank account. Details of support and how to pay were provided, as well as what would happen if no payment was made including impact to Miss A's credit score.

I'm aware Miss A has said she did not receive either of these letters, but on balance I think Halifax more likely than not sent them to her.

Halifax issued them to her in the post and given the recognised formality of these letters this would not be unusual practice for these types of letters. The letters were correctly addressed (to the same address Miss A had received Halifax's previous letter in June 2024) and Halifax's system records support that the letters were sent.

I realise Miss A feels strongly about not receiving the letters, but I'm not able to know what may have happened to them.

When the evidence is incomplete, inconclusive or contradictory I reach my decision on the balance of probabilities – which, in other words, means I have based it on what I think is more likely than not to have happened given the available evidence and the wider circumstances.

On balance, I'm persuaded Halifax more likely than not sent the letters in question and it would not be reasonable for me to hold Halifax responsible for any problems with the postal service.

I'm aware Miss A has said no attempt was made to contact her in any other way (email or by phone), but in the circumstances there is no requirement for Halifax to have done this, so I can only consider what Halifax did and whether that was, in the circumstances, reasonable.

This matter has not been easy to decide, and I have carefully considered what Miss A has said about relying on what she was told during the call on 12 June 2024 whilst also considering the communications issued to her by Halifax before and after the call. An overdraft is payable on demand, and in the circumstances Halifax were reasonable to request that the full amount be repaid. I'm satisfied Miss A was made aware she needed to repay the amount owed and that in the circumstances Halifax made reasonable attempts to contact Miss A about her account.

I note Miss A's concern that the debt was sold to a third-party, but this is something Halifax are entitled to do, so I'm not persuaded they've done anything wrong in this regard.

I realise my findings will be a disappointment to Miss A and how important this matter is to her, but I've not seen enough to say in the circumstances that Halifax have acted unfairly in this matter.

My final decision

For the reasons above, my final decision is that Miss A's complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 24 October 2025.

Kristina Mathews
Ombudsman