

The complaint

Miss F argues Bank of Scotland plc (trading as Halifax) treated her unfairly in relation to how it paid her redress following an irresponsible lending complaint.

What happened

In June 2018 Miss F was given an overdraft and following this, two subsequent limit increases. In 2024 Miss F raised an irresponsible lending complaint which was upheld by Halifax.

Halifax agreed that it shouldn't have given the overdraft and subsequent limit increases. Halifax offered to refund all fees, interest and charges on the account. It explained it would deduct a small payment of £272.13 to reflect charges which had previously been refunded to Miss F and pay interest at 8% on the remaining balance. This resulted in a payment of £1,607.65 plus interest of £116.25.

Halifax explained it would pay this amount to Miss F's overdraft balance and remove her overdraft facility. This left Miss F with a credit balance in the account of £725.62. In addition, Halifax offered to remove some late payment markers associated with the account from Miss F's credit file. Miss F has since confirmed this has taken place.

Miss F doesn't feel that Halifax's decision to pay the refund amount into her current account was fair. She's said that shortly before her complaint was upheld Halifax agreed to write off her overdraft balance for medical reasons. She feels the two events are separate (the overdraft write off and her irresponsible lending complaint) and as such she thinks Halifax should have written off the balance and paid the full refund amount to her in addition to this.

Halifax considered this but didn't agree. It said that it had made it clear to Miss F any future refunds relating to the account would initially be offset against the write off amount. In this case as the events we're taking place at a similar time, it happened that the refund (which was more than the balance of the overdraft) was paid first. However, it argued that even if it had written off the balance and then refunded Miss F in relation to her irresponsible lending complaint, it would still have deducted the write off amount from any refund paid. So Miss F would still be in the same overall position.

Our investigator considered the complaint, but didn't uphold it. He thought that Halifax had acted fairly in how it had paid the redress to Miss F and he thought that Halifax had made this clear to Miss F. Miss F didn't agree 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.

Having done so, I'm not going to uphold her complaint. I appreciate this will be disappointing to Miss F and I want to assure her that I do understand why she's unhappy, but I think

Halifax has acted fairly in how it has applied the redress offered. I'll explain why below.

On 6 September 2024 Halifax agreed to write off Miss F's overdraft balance for medical reasons. Miss F has provided a copy of the first page of a letter which looks to be from Halifax explaining her offer. From the copy I've been provided with I can't see the date of this letter, but I've no reason to doubt that it was sent around the time of the phone call Miss F had on 6 September 2024 where Halifax agreed to write off the balance.

I can see this letter confirms Halifax has agreed to write off the balance and it says:

"In the future if we identify any payment, interest, fee or charge which we owe you in relation to this account, we reserve the right to offset the debt we write off against these payments."

On 12 September 2024 Halifax wrote to Miss F (having spoken to her prior to this) to explain it was upholding her irresponsible lending complaint and would be paying the refund amount into her current account. It also explained it had removed her overdraft facility. Given the two issues were taking place around the same time, the redress was paid before the balance of the overdraft account was written off. Miss F therefore feels she's lost out because of this. She feels the medical write off and irresponsible lending redress are separate issues and so she should have her overdraft balance written off and the full irresponsible lending redress paid separately.

I've carefully considered Miss F's argument, but I don't think the redress she is seeking is fair. The interest, fees and charges which have been applied to the account will have most likely impacted the overall overdraft balance and so by having both payments in full there is a risk of some double compensation. But in any event, Halifax offered to write off the balance which Miss F owed it, it therefore seems reasonable that in circumstances where Halifax owes Miss F any funds which relate to this account, that it offset the amount owed from the write off amount.

I appreciate Miss F's argument and why she thinks these are separate issues - the write off was offered for medical reasons (therefore relating to her) and the irresponsible lending redress was because Halifax agreed it did something wrong in giving the overdraft. However, as detailed above, Halifax made it clear it would offset any future *"interest, fee or charge"* owed in relation to the account against the write off amount so I think Miss F was aware that Halifax would deduct the write off amount from any redress paid. I appreciate that the events happened the other way round and the balance was cleared by the irresponsible lending redress. However, Halifax has confirmed that had it already written off the overdraft balance it would have deducted this from the redress paid, which would have resulted in Miss F being in the same net position. So I don't think she's lost out because of this.

I therefore don't think Halifax treated Miss F unfairly in relation to how it paid the irresponsible lending redress owed to her.

My final decision

For the reasons explained I don't uphold this complaint against Bank of Scotland Plc trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 10 July 2025.

Claire Lisle
Ombudsman