

The complaint

Mr K's unhappy that Bank of Scotland plc trading as Halifax ('Halifax') let his current account go overdrawn and didn't notify him about this.

Mr K complains this led to his current account being closed and negative information being reported about him which made getting a new account difficult.

Mr K wants this putting right.

What happened

Mr K complained Halifax had made an adjustment to his account and hadn't told him he'd entered an unarranged overdraft. Mr K was unhappy his account had been closed, and he was worried that Halifax were unfairly reporting negative information about him. At the time, Mr K was struggling to open an alternative account although he later was able to do this with another banking provider.

Halifax said they'd issued notifications and letters about what was due, and they were under an obligation to report accurate information about how he'd handled his accounts. Halifax credited the overdrawn sum to Mr K's account as a goodwill gesture.

Mr K asked the Financial Ombudsman Service to investigate. Mr K's complaints about the adjustment for a disputed transaction and the closure of his account were considered separately to this matter. This matter focused on Halifax's communication about the overdraft and the impact on Mr K's credit file.

Our investigator identified that Halifax had reported a late payment marker to the Credit Reference Agencies ('CRAs') due to the unpaid overdraft. Our investigator concluded Mr K had been fairly notified about the need to make a payment, so he didn't recommend Halifax update the CRAs with changes to Mr K's credit file.

Mr K strongly disagreed saying he didn't receive any notice of the overdrawn sum, nor did he have the facility to go overdrawn, so he thought the marker was unfair. He asked for an ombudsman's decision.

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've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

The parties should note this decision will only focus on Halifax's communication about Mr K's overdraft and the impact on Mr K's credit file, as the other aspects of Mr K's complaint have been addressed separately by the Financial Ombudsman Service.

I am sorry to hear that Mr K has been unwell and that this matter has been stressful and upsetting for him at what is already a difficult time. I don't wish to make matters worse for Mr K but having investigated this matter I've not found evidence that Halifax have treated him unfairly. I know this will be disappointing for Mr K, but this means I am unable to uphold his complaint.

I'll explain why I've come to this decision, though my reasons are broadly similar to our investigator's.

Mr K didn't have an overdraft facility agreed with Halifax, but his terms and conditions say that Halifax could allow his account to go overdrawn if he didn't have the funds in his account to meet a payment.

These terms state:

"To help you manage your balance we'll let you know by text:

- when you're about to use or have started using an unarranged overdraft*

...If you stop alerts, you may miss important messages and incur avoidable costs."

I have seen evidence that Halifax sent Mr K text messages on 29 October 2024, 16 November 2024 and 19 December 2024 about him entering an unarranged overdraft. I've checked that these were sent to the correct number, and I've also noted that these were marked on Halifax's system records as being 'delivered.'

Mr K says he didn't receive these text messages. I know this is frustrating for Mr K but I don't think I will get to the bottom of why this was. I don't think I can fairly criticise Halifax for these not arriving as they can show evidence the messages were sent to the correct number.

Halifax also updated Mr K's statement of account so he could monitor his balance. I've seen copies of Mr K's bank statements which show how his account became overdrawn.

I've seen Halifax's correspondence records which show Mr K raised a complaint with Halifax on 5 November 2024. At the time Mr K mentioned the unarranged overdraft, so I'm satisfied this was quickly brought to Mr K's attention.

Halifax's terms and conditions require Mr K to repay any unarranged overdraft. As the overdraft remained unpaid for 35 days Halifax reported Mr K's arrears to the CRAs for December 2024. I don't think this was unfair, as Halifax are under a regulatory obligation to report accurate information about the accounts their customers hold.

Halifax subsequently refunded the overdrawn amount before Mr K's current account was closed, so this stopped any further negative reporting of arrears on Mr K's current account.

I can understand why Mr K is unhappy that his account went into an unarranged overdraft, and I recognise he feels he's been treated unfairly by Halifax. However, for the reasons I've given I'm not persuaded that Halifax have treated Mr K unfairly here, so I've decided not to uphold Mr K's complaint.

My final decision

For the reasons I've set out, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 19 August 2025.

Clare Burgess-Cade
Ombudsman