

## **The complaint**

Mr D complains that Bank of Scotland plc trading as Halifax recorded adverse information on his credit file in relation to his current account.

## **What happened**

Mr D holds a current account with Halifax, with an arranged overdraft facility of £3,000. Interest on the overdrawn balance accrued daily while the overdraft facility was in use. On 23 December 2024, an interest payment took the overdrawn balance over the £3,000 limit. The account was in an unarranged overdraft until a payment was made to reduce the balance on 31 January 2025.

The following month, Mr D checked his credit file and discovered a missed payment marker had been recorded. He made a complaint. He said he hadn't received any correspondence letting him know his balance exceeded the overdraft limit and wasn't given an opportunity to correct this. He said the missed payment marker had caused him a great deal of stress and affected his ability to obtain affordable credit.

Halifax didn't agree it had made an error. It said it wrote to Mr D twice asking him to make a payment and warning him of a potential credit file impact, but didn't hear back from him. It said the missed payment was recorded correctly in line with its process. The complaint was referred to this service and considered by one of our Investigators. They were satisfied Halifax had sent clear correspondence and that the missed payment was correctly recorded.

Mr D didn't agree. In summary, he said he didn't receive the letters Halifax claimed to have sent. But he said even if they were sent, he found the letters to be vague and ambiguous. He said Halifax was required to set a clear deadline to allow him to remedy the situation before recording a missed payment. He didn't think Halifax had fulfilled its obligations under the Consumer Duty. He asked for the complaint to be referred to an Ombudsman for a final decision. So, it's 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.

In considering Mr D's complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr D says Halifax hasn't fulfilled the requirements set by the Consumer Duty. I've kept this in mind when considering the complaint.

I can appreciate why Mr D feels let down by Halifax. From his perspective, he made a payment to reduce his overdraft balance as soon as he reasonably could and didn't think there was any set timeframe for him to do so. It also would have come as a surprise for him to discover that a missed payment had been recorded – and I can understand this would have been stressful for him. The Information Commissioner's Office (ICO) sets guidance for

lenders on how arrears and default balances should be recorded. Halifax – like all lenders, is required to report true and accurate information about how its customers maintain their accounts. I've considered whether Halifax made an error – or otherwise treated Mr D unfairly – when it recorded a missed payment.

In its guidance, the ICO outlines that the reporting of arrears should indicate that the account has not been maintained in line with its terms and conditions – and is based on the monthly performance of the account. They say that in the case of a current account, this can be calculated based on continual unauthorised excess over an agreed overdraft facility. So, if an account is overdrawn beyond its limit for a period of at least a month a lender will typically record this as a missed payment.

Mr D's current account includes an agreed overdraft facility with a limit of £3,000. It's not disputed that the overdrawn balance on Mr D's account was in excess of the £3,000 limit for a continuous period of more than one month. So, I'm satisfied the account wasn't maintained in line with its requirements. As credit file reporting is based on monthly account performance, I'm satisfied that the missed payment marker is a true and accurate reflection of how the account was managed.

Mr D says Halifax didn't treat him fairly when it recorded the missed payment. He says he didn't receive any notification that his account was overdrawn beyond its limit, and wasn't provided with any opportunity or deadline to correct this before Halifax decided to record a missed payment.

Halifax has provided copies of two letters – dated 7 January and 25 January 2025. It also says it sent text messages to Mr D asking him to get in touch about his account – but I haven't seen evidence of those so won't comment on them further. The letters state that the account was over its overdraft limit and that Mr D was in an unarranged overdraft. They ask him to repay the unarranged overdraft balance as soon as possible. They also state that they share information with credit reference agencies, and that continuous use of an unarranged overdraft could affect Mr D's credit score. Mr D says he didn't receive these letters – but I can see they're addressed correctly. Mr D hasn't made me aware of any postal outages in his area or any other problems that would have prevented him from receiving the letters.

Mr D says Halifax ought to have provided a clear deadline for him to make a payment in its letters – and that with other forms of credit a default notice would usually be issued. It's true that lenders are required to issue a default notice – with a clear payment deadline – before recording a default. But a default is different from a missed payment marker, and will typically cause a significantly greater impact to a customer's credit file. I wouldn't expect Halifax to issue a default notice before recording a single missed payment. Instead, I'd expect it to notify Mr D that his account is in an unarranged overdraft and the potential consequences of this – which I'm satisfied it did.

Mr D says Halifax' communication doesn't meet the standards set by the Consumer Duty. The Duty sets higher standards of consumer protection across financial services. Under the Duty, businesses are required to give consumers the information they need in a clear form, to allow them to make timely and informed decisions. I'm satisfied Halifax did this by informing Mr D that his account wasn't being managed in line with its terms and warning him of the potential impact of this.

Ultimately, it was Mr D's responsibility to manage his account on a day-to-day basis, which included ensuring there were sufficient funds to cover any upcoming payments or expenses. This was especially important for Mr D – as he was maintaining an account balance close to his arranged overdraft limit at the time. For the reasons I've explained, I'm satisfied the

information Halifax recorded about the account was an accurate and fair reflection of how it was being managed.

Mr D notes that he's entered an unarranged overdraft on several other occasions with no impact to his credit file. As I've outlined, lenders typically report the status of an account on a monthly basis. It's possible that in previous circumstances Mr D was able to bring his balance back within the limit before any information was reported to credit reference agencies. But even if that weren't the case that wouldn't mean Halifax made an error by recording a missed payment in this instance.

So, based on everything I've seen I'm satisfied that Halifax took reasonable steps to notify Mr D that he was using an unarranged overdraft – and I don't think it made an error or treated Mr D unfairly when reporting this information. It follows that I don't uphold this complaint or require Halifax to do anything further.

### **My final decision**

For the reasons I've explained, my final decision is that I don't uphold Mr D's complaint about Bank of Scotland plc trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 5 December 2025.

Stephen Billings  
**Ombudsman**