

The complaint

Mr D complains Bank of Scotland plc trading as Halifax unfairly defaulted his credit card account.

What happened

The background to this complaint is well known to both parties, so I won't repeat it at length here. In summary, Mr D held a credit card account with Halifax. In October 2023, Halifax decided to withdraw all facilities held by Mr D, including the credit card. At this time there was a balance on the credit card of approximately £3,000, which Halifax said needed to be repaid in line with the terms of Mr D's account.

By December 2024, Mr D's account had fallen into arrears, as Halifax wasn't receiving the contractual minimum payments. So, it issued a notice of default asking that a payment of just over £100 was made by 18 January 2025, or it would default the agreement and be required to share this with credit reference agencies.

Mr D made a payment of £50 towards the balance of his credit card on 14 January 2025; however, this wasn't enough to satisfy the notice of default. Halifax wrote to Mr D on 21 January 2025, setting out he needed to settle the arrears, however as it didn't receive payment, Halifax proceeded to default the agreement in February 2025.

Following this, Mr D raised a complaint. He said he'd received emails from Halifax but hadn't been able to access his online inbox since having his account closed in 2023. Mr D also said he'd never received any letters from Halifax, and his account preference was set to paperless.

Halifax doesn't think it's done anything wrong. It says it issued the arrears notices and notice of default correctly. As the arrears remained outstanding, it says it was reasonable in its decision to default the account.

Unhappy with Halifax's response, Mr D referred his complaint to the Financial Ombudsman. One of our Investigators looked into things and thought Halifax had acted reasonably, so didn't recommend it do anything further. Mr D disagreed with our Investigator's opinion. He said he never received any letters from Halifax and questioned how he could be expected to repay a debt if he didn't have any information about it.

As the matter wasn't resolved, the complaint has 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.

I've given consideration to the relevant rules and regulations applicable to this complaint and while I may not comment on everything (only what I consider is key) this is not meant as a courtesy to either party, rather reflects the informal nature of our service.

Having done so, I've reached the same conclusions as our Investigator for broadly the same reasons. I realise this answer will come as a disappointment to Mr D, however I've found Halifax was reasonable in its decision to default his credit card account, so won't be directing it to remove this.

The Information Commissioner's Office (ICO) says that when a consumer is at least three months behind with their payments then a default may be registered. It also says it would expect a default to be registered by the time the consumer is six months behind with their payments. That's what happened here.

Mr D was in a sustained period of arrears – beginning in August 2024 with a payment of £50 being made in January 2025, but this wasn't enough to clear the arrears, and it wasn't enough to remedy the breach in the default notice issued in December 2024. Because of this Halifax defaulted Mr D's credit card account and this was reported to credit reference agencies.

Therefore, it appears, Halifax complied with the guidance set out by the ICO. While I appreciate this all came about during a period Mr D had raised a number of concerns with Halifax, that doesn't mean it was wrong to proceed with the default given the persistent state of arrears on the account.

Halifax is also required to report accurate information to the credit reference agencies to reflect how a person has managed their account. I'm satisfied that Halifax reporting missed payments, and a default is an accurate reflection of how Mr D has managed the account, and so I don't find the reporting to be unfair or inaccurate.

I've taken on board Mr D's concerns that he never received the notice of default or final demand letters and questions why these were sent in the post rather than email, as his account was set to paperless. Halifax, like all firms is required to send certain notices in writing and this includes a notice of default. So, I haven't found it made an error in doing this.

Mr D says he didn't receive these letters, and it's possible these may have been lost in transit, although it's not possible for me to conclusively determine this. I haven't however found this was due to an error made by Halifax. It's provided evidence that these letters were sent and that they were sent to the address held for Mr D, which is also the address he's provided our Service. So, I think it's then reasonable for Halifax to rely on these letters, in making its decision to default the account.

I've also taken on board Mr D's comments that Halifax sent emails saying he had notifications in his online inbox during this period. However, he couldn't access them, due to his account being closed. I agree, this isn't helpful and were this all Halifax had done, I'd likely say it hadn't done enough. However, as I'm satisfied Halifax also wrote to Mr D about the arrears for the reasons explained above, I don't then find it was wrong in proceeding to default the account.

In conclusion, while I appreciate this won't be the answer Mr D is hoping for, I don't think Halifax was unreasonable in defaulting his credit card agreement. I therefore won't be asking it to do anything further in relation to this complaint.

My final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 23 December 2025.

Christopher Convery
Ombudsman