

The complaint

Mr W complains that Bank of Scotland plc trading as Halifax lent irresponsibly when it approved his credit card application and later increased the credit limit.

What happened

The background to Mr W's complaint and my initial conclusions were set out in two provisional decisions I issued. In summary, I said:

- Mr W successfully applied for a Halifax credit card in January 2018 providing details of his income and circumstances.
- Halifax says it carried out the relevant lending checks, including reviewing the contents of Mr W's credit file and carrying out an affordability assessment.
- Halifax approved the application and issued a credit card with a limit of £7,000.
- Mr W used the credit card to complete a balance transfer soon after approval.
- Halifax increased the credit limit to £9,000 in September 2018, £9,500 in October 2019 and £10,000 in June 2023.
- After Mr W complained in 2024 Halifax upheld his concerns about the credit limit increases approved and refunded a sum of £4,174.49 then a further £1,272.34 leaving an outstanding balance. Halifax didn't agree it lent irresponsibly when considering the original application Mr W made. Halifax has confirmed no interest is being applied to the outstanding balance and no new spending is permitted on the credit card.
- An investigator at this service looked at Mr W's complaint but didn't agree Halifax lent irresponsibly after reviewing his bank statements for the months before his application was made. The investigator thought the settlement already agreed by Halifax was fair.
- When Mr W asked to appeal, I reviewed his complaint. I noted that due to the passage of time Halifax hadn't retained the original risk data it used when considering Mr W's credit card application. In its absence, I wasn't able to show Halifax completed reasonable and proportionate lending checks.
- I reviewed Mr W's bank statements and felt they showed his income was sufficient to cover his outgoings. But I noted Mr W was using his current account to gamble with each month.
- I thought that if Halifax had seen the gambling information on Mr W's bank statements it would've taken the view further credit was unlikely to be sustainable and declined his application.
- I noted Halifax had already upheld Mr W's complaint about the credit limit increases

and the agreement to refund all interest, fees and charges applied from that point.

- I initially upheld Mr W's complaint and said that, in addition to the existing offer, Halifax should refund all interest, fees and charges applied to the total balance from the date his application was approved.
- Halifax issued a response to show that because Mr W had used balance transfer offers no interest was applied to his credit card before the first credit limit increase. Halifax also showed its agreed settlement led to an interest refund based on the entire outstanding balance.
- Halifax also confirmed no negative information had been recorded on Mr W's credit file about the credit card.
- I went on to issue a follow up provisional decision that explained I felt the settlement agreed by Halifax was fair and reasonable and didn't ask it to take any further action.
- Mr W responded and made a number of points.
- Mr W said that there was no genuine benefit to the lending approved by Halifax.
- Mr W added that whilst he'd completed a balance transfer in January 2018 for £6,650 from a business I'll refer to as B, he borrowed those funds again.
- Mr W said his other borrowing was highly relevant to his Halifax complaint and should be considered.
- Mr W said his repayments to Halifax (and other lenders) already exceed the principal borrowed. Mr W said his repayments are higher than any benefit he received from the funds borrowed.
- Mr W added that after a balance transfer from his Halifax credit card to another lender I'll refer to as V was completed in late 2020 he'd used his account again and built up further debt.
- Mr W said he feels the complaint should be resolved by his outstanding Halifax balance being written off in addition to refunds of all overpayments above the true principal being made in cash with the addition of 8% interest. Mr W also asked for any adverse information to be removed from his credit file.
- Mr W also highlighted where he felt Halifax failed to follow the relevant lending rules and provided a figure he feels is a fair way to resolve his 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.

I'd like to start by thanking Mr W for his patience while his case has been with us and for the level of detail he's given in his response to my provisional decision. I can see how deeply Mr W feels about the complaint and issues he's raised and don't doubt how serious the impact has been on him. I've carefully considered everything Mr W said and submitted both when referring his complaint to us and responding to the provisional decision. In setting out my decision I've commented on the issues I think are key to the outcome of Mr W's case. I'm not going to comment on each and every point made – an approach that is in line with the

informal nature of this service.

I understand Mr W remains of the view that Halifax failed to follow the relevant lending rules when looking at his application and increasing the credit limit. My initial decision to uphold Mr W's complaint was on the basis evidence of proportionate checks, as required under the lending rules set out in CONC, weren't available. So I took the approach of reviewing Mr W's bank statements. But I think it's reasonable to note that I took that step not because I thought the checks completed weren't proportionate or reasonable. I did that because not all evidence of the checks completed remained available due to the passage of time. I want to assure Mr W I've taken CONC and the relevant lending rules into account when considering his complaint.

Mr W has pointed out the balance transfer he completed shortly after opening his Halifax credit card was used to transfer debt from another credit card that had accrued due to gambling. Mr W says he went on to use that credit card again, building up further debt levels whilst also using his Halifax credit card. I understand Mr W's existing debt was transferred to his new credit card but I haven't seen anything that would've told Halifax it wasn't reasonable to process the balance transfer as requested.

Mr W says the way Halifax lent meant he had to borrow fund from other sources. I take Mr W's point, but as already noted, he had existing credit card debt at the time the Halifax application was made. So I think it's difficult to make the argument that it was Halifax's actions that started the pattern of borrowing Mr W's told us about.

Mr W's told us that he completed a balance transfer in late 2020 to repay his Halifax balance. But Mr W says Halifax then allowed him to borrow again, up to £10,000. But I think it's fair to note that the funds borrowed from that point appeared to be used by Mr W for what seemed to be retail spending of various types.

I've considered whether it would be reasonable to tell Halifax to waive the remaining balance of Mr W's credit card on the basis he received no benefit. I appreciate Mr W did use the credit card for gambling purposes between October 2018 and April 2020, when the use of credit cards for gambling was banned. But I think it's reasonable to note Mr W's account balance was reduced to under £600 in December 2020 following the balance transfer he's told us about. From that point, the balance remained close to that level for around six months before Mr W started to use the account for retail spending.

Looking at the available information, from that point Mr W's account was well managed. The statement balances remained well below £1,000 until early 2022. It doesn't appear to me Mr W was reliant on the credit card to make ends meet during this time. Whilst the balance did go on to increase, it appears to have been the result of retail spending and travelling. For instance, I note a payment of £1,753 was made to a cruise company in October 2023 and a payment for £4,435 was made to what appears to be another cruise company in November 2023.

I can see that in response to the investigator, Mr W said he used his credit card to gamble with in 2022 while abroad and in 2023 while on a cruise. I note Mr W used his credit card while abroad in 2022 but there's nothing on those transactions that identifies them to Halifax as being for gambling purposes although I accept there were some cash advances.

A statement showing the basis of the cruise charges in 2023 was supplied. And I can see that a large part of the £4,435 cruise bill Mr W paid related to gambling while aboard. But the payments don't appear to have been processed as gambling transactions and the statement provided by Mr W indicates he made a single payment to cover all the services provided while abroad. In addition, Halifax had controls in place to ensure payments specifically made

for gambling purposes are unable to go through. On balance, I haven't seen anything that indicates Halifax was aware that was how Mr W was using his credit card. And I'm satisfied that if the payments in question had been processed as gambling transactions it's highly unlikely they would've been approved.

I've considered all Mr W's comments about whether he received any benefit from the funds he borrowed from Halifax. But I haven't found grounds to tell Halifax to waive the remaining balance or issue additional refunds.

Halifax has already refunded all the interest, fees and charges applied to Mr W's credit card from the date of approval. In the circumstances, I'm satisfied that's a fair way to resolve Mr W's complaint.

Halifax has confirmed no interest is being applied to the outstanding balance which means Mr W's repayments will go towards clearing it. And no adverse credit has been recorded on his credit file in relation to the account. I'm satisfied that is reasonable in the circumstances of Mr W's case.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress already agreed results in fair compensation for Mr W in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Whilst I've considered all the comments and points Mr W has made when bringing his complaint and in response to the provisional decisions, I haven't been persuaded to change the conclusions I reached. I remain of the view Halifax has already agreed a settlement that is fair and reasonable in all the circumstances. As a result, I'm not telling Halifax to do anything else.

My final decision

My decision is that Bank of Scotland plc trading as Halifax has already agreed a settlement that is fair and reasonable in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 27 November 2025.

Marco Manente
Ombudsman