

## **The complaint**

Mr H complains about the way Bank of Scotland plc trading as Halifax dealt with his loan account after he sought a payment holiday. He's particularly concerned that Halifax recorded default information on his credit file and that it passed the debt to a third party.

## **What happened**

Mr H describes that during 2021 he experienced difficulties with his finances as a result of the Covid pandemic, and that he sought help from Halifax. However, he says he heard nothing until November that year, when he was contacted by a third party "P" to say that it had acquired the debt from Halifax. He says P told him it would refer the account back to the bank. In July 2024 Mr H complained to Halifax, saying his credit rating had been ruined. He sought removal of the default Halifax had recorded on his credit file.

Halifax says it recorded Mr H's account in default in September 2021, having written to him a number of times about the arrears position on his loan. The bank says that at the time it was unable to enter into communication via its online app, and that its letters asked Mr H to call it. Halifax also says it sent Mr H a default notice in advance of recording the information, and that it received no response. It doesn't consider it has acted incorrectly.

Our investigator didn't think the way Halifax had dealt with Mr H's situation was unfair. He thought Halifax had been sufficiently clear in its correspondence with Mr H that it was incumbent on him to make contact by telephone before the account was defaulted. The investigator found that in June 2021 Mr H had discussed the account position with Halifax, had agreed to bring the account back in order, but then hadn't done so. He wasn't persuaded that Mr H took sufficient steps to address the situation, and that it wasn't unreasonable in such circumstances for Halifax to take the actions it had.

Mr H hasn't accepted the investigator's findings. He maintains the bank was wrong to register the account in default and he'd been unaware of the actions it was taking. He's asked for this review.

## **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 upholding Mr H's complaint. I'm satisfied Halifax took appropriate steps to keep Mr H informed of the status of his loan account and the consequences of not doing so. I'm aware Mr H has sought copies of documents and telephone calls that he considers have not been provided to him. Let me be clear that I'm satisfied I have sufficient evidence to be able to determine this complaint, and that I'm further satisfied that the key information on which I've based my decision has been shared with Mr H.

I acknowledge that Mr H has provided a number of screenshots that show he has an otherwise good record of servicing credit. And there is some evidence to suggest Halifax had agreed a payment holiday on other accounts. But the correspondence Halifax sent Mr H

between March and July 2021 – some five separate letters – were in my view sufficient that he ought reasonably to have been aware that there was no agreed payment holiday on his loan account.

I understand Mr H has disputed receiving these letters. I see no reason why none of the letters reached him; they appear to have been correctly addressed. But in any event, Mr H cannot be said to have been unaware of the position. Halifax's letter of 9 June 2021 refers to a recent telephone conversation with him in which an arrangement was made to give Mr H a month to clear the arrears on his loan. And it warned Mr H of the possible impact on his credit score.

Halifax's letter told Mr H he'd need to pay £912.39 by 10 July 2021. According to Mr H's loan statement, he paid the bank £100 on 9 June, and another £100 on 26 June. Halifax wrote again to Mr H on 16 July to ask him to call. It's unclear whether Mr H did call, but I do note that he paid another £100 on 20 July, shortly after the bank issued its letter. Similarly, Mr H made a £100 payment on 28 July, after Halifax issued a further letter.

Despite the payments Mr H did make, they were insufficient to bring the account back up to date. So I can understand why on 6 August 2021 Halifax issued a default notice. Not only were the monthly payments not being met, but the account had been in arrears without rectification for some time. And although Mr H paid Halifax £350 on 14 August, he'd already been informed that he'd need to pay £816.52 to avoid defaulting. The default notice set out a range of actions the bank might take in the event of default, which included termination of the loan, registration of the default, and the debt being sold.

As no further payments were received from Mr H, the account was terminated on 20 September 2021, with the debt being passed to P shortly afterwards.

I've noted the dates of Halifax's correspondence and of the payments Mr H did make soon after each letter. I don't share Mr H's view that Halifax failed to contact him, or that he heard nothing from the bank in response to his contact with it. On the balance of probabilities I find it more likely than not that:

- Mr H did receive the bank's letters;
- he was aware of the situation on his loan account;
- he would have known the consequences of failing to clear the arrears – and that he did not do so despite being given several opportunities before the account was defaulted.

I appreciate why it's important to Mr H to preserve his credit rating. But I don't consider the bank's action in recording the default is inconsistent with the standards set out in the Information Commissioner's Office's ("ICO") relevant guidance<sup>1</sup> or any of the principles or conduct of business rules in the Financial Conduct Authority ("FCA") Handbook<sup>2</sup>.

So while I appreciate the impact of the information Halifax has recorded, I'm not persuaded I should require its amendment or removal. It seems to me to be a true reflection of the conduct of the account.

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<sup>1</sup> ICO: Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies (July 2016).

<sup>2</sup> FCA Handbook: CONC 7.3 Treatment of customers in default or arrears (including reposessions): lenders, owners and debt collectors.

**My final decision**

Overall, I don't think the way Bank of Scotland plc trading as Halifax has dealt with Mr H and his loan account has resulted in unfairness towards him. It follows that my final decision is that I don't uphold his complaint.

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

Niall Taylor  
**Ombudsman**