

The complaint

Mr N is unhappy that Bank of Scotland plc, trading as Halifax, charged him £4.30 more on his final personal loan payment than he had paid on all other payments.

What happened

Mr N has a personal loan with Halifax. The terms of the loan included that Mr N was required to pay 36 monthly instalments of £154.11. However, Mr N noticed that for the final loan payment, Halifax increased the direct debit amount to £158.41. Mr N wasn't happy about this, so he raised a complaint.

Halifax responded to Mr N and explained that the terms of the loan stipulated that the final payment may be higher than the stated fixed payment amount and explained why that might be the case. Mr N wasn't satisfied with Halifax's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Halifax had acted unfairly towards Mr N and didn't uphold the complaint. Mr N remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

Mr N notes that the terms of his loan include that he would pay a fixed amount of £154.11 for 36 months. However, upon review, I can confirm that the terms of the loan state as follows (statements in bold are my emphasis):

"What are the financial terms of the loan?

£154.11 – The fixed amount you must pay back every month. Your last repayment may be different and we will write to you to let you know what this will be.

Accordingly, I'm satisfied that loan terms and conditions clearly explain that while all payments up to the final payment will be £154.11, the final payment itself may be for a higher amount.

The terms and conditions then explain why that might be the case shortly afterwards and confirm that Halifax bases its loan calculation – which led them to the £154.11 monthly payment amount – based on several assumptions. These assumptions include that Mr N's payment will be made on the same day every month (which, looking at Mr N's loan statement, appears to have been the 4th).

The loan agreement then explains that if the repayments are not all made on the date that have assumed then, among other things, the amount of overall interest paid during the lifetime of the loan may increase and that (as a consequence) the amount of the final repayment may be different. The section then closes by providing examples of when a

payment may not be taken on the assumed date, and these include when that date is not on a working day (i.e. a weekend) such that the payment is taken on the next working day.

Taking all this into consideration, I'm satisfied that the loan agreement, in section 1, explains that the loan calculation is based on each payment being received on the 4th of each month and that if there are instances when the payment is taken later than the 4th, such as if the 4th falls on a weekend, then the overall interest payable on the loan may increase which will affect the amount of the final payment, which may be higher than the stated fixed amount.

I'm also satisfied, having reviewed Mr N's loan, that is exactly what has happened. Several of Mr N's payments have fallen on a non-working day, so that some payments were taken on the 5th or 6th of the month. Because these payments were taken at those times, this meant that the outstanding balance of the loan incurred slightly higher interest than assumed on those occasions – which, over the lifetime of the loan, added up to £4.30. This meant that when the final instalment was due, £158.41 remained to be paid, rather than the assumed amount of £154.11.

I can appreciate why Mr N might be confused about what happened, but I hope I've been able to explain why I feel that Halifax have acted fairly and in accordance with the terms and conditions of the loan when taking £158.41 as the final loan payment.

Mr N has argued that he didn't receive any formal notice of the direct debit increase for the final payment. However, Halifax have demonstrated to my satisfaction that they sent a letter to Mr N on 19 April 2025 which explained that the final direct debit amount would be £158.41. Of course, it doesn't necessarily follow that Mr N received that letter, but if that were the case that wouldn't be something I would hold Halifax accountable for, given that the delivery of mail is undertaken by a postal service over which Halifax have no direct control.

Fortunately, the increase in the final loan instalment amount was relatively small, at £4.30, and Mr N has confirmed in his submissions to this service that he noticed the increase before the amount was taken. Furthermore, Halifax were able to take the £158.41 without issue, and as such it wasn't the case that a payment wasn't made which might have had an adverse effect on Mr N's credit file.

All of which means that I won't be upholding this complaint or instructing Halifax to take any form of action here. This is because I don't feel that Halifax acted unfairly by taking £158.41 as the final loan payment, which to reiterate, I'm satisfied was done in accordance with the terms and conditions of the loan, which Mr N agreed to when taking the loan.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 26 December 2025.

Paul Cooper
Ombudsman