

The complaint

Miss M complains that Bank of Scotland plc (trading as Halifax) will not allow her to consolidate her existing debts.

What happened

Miss M says that in October 2022 she left her job and, as a result of being underpaid, she ended up with an overdraft with Halifax. She says that due to a low disposable income each month she remains in an overdraft cycle on which she has to pay daily interest. Miss M explains that she's asked Halifax whether she can add the overdraft to her existing loan, for which she is prepared to pay higher repayments, but that Halifax has refused. She adds that Halifax is profiting from its refusal to combine her debt and it's now affecting her mental health.

Halifax says it offered Miss M a 30-day hold on 30 November 2024. It says it was unable to set up a "combine your debts" plan as a financial review showed Miss M was not in financial difficulty and her accounts were up to date. It added that the Customer Financial Assistance (CFA) Team, to which Miss M would have spoken, only reviews affordability – it cannot offer additional borrowing.

Our investigator recommended the complaint should be upheld. He did not find Halifax had done enough to help Miss M and should pay her £400 for the trouble this has caused her. He added that, if Miss M still wants to consolidate her credit by applying for a new loan, then Halifax should assist her with the process.

Miss M responded to ask how the £400 was calculated and to say that Halifax has now confirmed it can combine all her debts, but that it was awaiting the outcome of this complaint.

Halifax responded to say, in summary, that its CFA team did refer Miss M to the loans team and that it could see a loan application was declined in March 2024.

My provisional findings

I issued a provisional decision to Miss M, and to Halifax, on 23 September 2025. I summarise my findings below:

- I calculated that Miss M was paying around £194 per month in total towards her overdraft, credit card and loan;
- Halifax had agreed a three-month repayment plan for her loan with £65.71 payable from 1 September 2025 to 1 November 2025. It also froze interest on her credit card for July and August and applied no charges to her current account in August 2025;
- I couldn't see that this addressed her initial request for a longer term solution and explained that Consumer Duty regulations say businesses should "*avoid causing foreseeable harm*" by, for example, enabling a customer to cancel or switch from a product or service which isn't right for them;
- I found that Miss M was consistently repaying almost £200 per month, when she had been declined for a loan which would have resulted in monthly repayments of £176.80 since March 2024 on a consolidation loan of £5,871.51;
- Halifax said that Miss M was not eligible for a consolidation repayment plan with its CFA team in March 2024 as she was not considered to be in financial difficulties, but I found that declining her application for a consolidation loan had contributed to Miss M's increasing financial difficulties;

I accepted that Halifax said that its CFA team would need to reconsider Miss M's current circumstances before it can agree to a consolidation repayment plan of what would now be around £4,500. However, I found Halifax needed to speak to Miss M to agree a mutually acceptable repayment plan going forwards, in line with its obligations under the Consumer Duty.

In addition, I was satisfied that Halifax should also pay Miss M compensation of £400 as this is in line with this service's typical awards in this area: "*An award of over £300 and up to around £750 might be fair where the impact of a mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. Typically, the impact lasts over many weeks or months...*"

Miss M responded to say that she had forwarded the letters she continued to receive from Halifax and had no further evidence to provide. She said she would not have taken out further credit cards if Halifax had helped her initially.

Halifax responded to say, in summary, that it will look to offer further support to Miss M following the end of the existing repayment plan and pointed out that any consolidation loan would result in an increase in interest charges. It said it had no record of agreeing to combine all Miss M's debts.

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 am satisfied that Halifax is now responding fairly to Miss M's financial difficulties, and that it should attempt to agree a mutually agreeable repayment plan following the end of the existing arrangements.

As neither party has provided any new information, I see no reason to depart from my provisional decision and I find that Halifax should also pay Miss M £400 for the delays in providing suitable financial assistance.

My final decision

My decision is that I uphold this complaint. Bank of Scotland plc (trading as Halifax) should attempt to agree a mutually agreeable repayment plan with Miss M and also pay her £400 for the stress this has caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 14 November 2025.

Amanda Williams
Ombudsman