

The complaint

Mr M complains that Bank of Scotland plc trading as Halifax recorded a default on his credit file.

What happened

Mr M holds a personal loan with Halifax.

In or around 2022 Mr M completed work as a self-employed contractor but didn't receive payment for the work he'd done. As a result, he was unable to keep up with his loan payments.

Mr M discovered that a default had been recorded on his credit file. He contacted Halifax to complain, as he felt that they hadn't supported him.

Halifax didn't uphold the complaint. It said it had reviewed the contact Mr M had with the customer assistance team and could see that he had been offered support with repayment plans, but he didn't accept these at the time. Halifax said it couldn't remove the default from Mr M's credit file as the information it had reported was correct.

Mr M remained unhappy and brought his complaint to this service. He says he wants the default removed from his credit file because he's paid the debt in full.

Our investigator didn't uphold the complaint. They said they were satisfied that Halifax had offered support by freezing the interest and placing a temporary hold on the account when Mr M contacted them to explain that he was having difficulties making his payments. The investigator said that Halifax hadn't made an error or treated Mr M unfairly by defaulting the account as there were significant arrears on the account.

Mr M didn't agree so I've been asked to review the 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 know it will disappoint Mr M but I agree with the investigator's opinion. I'll explain why.

I've reviewed the history of the account. I can see that Mr M took out the loan in September 2019. The loan was for £5000 at an interest rate of 5.9%, with monthly payments of £96.07.

In January 2021 Mr M contacted Halifax and told them he was struggling to make payments. Halifax froze interest and applied a 30 day hold on the account.

In January 2022 the account fell into arrears. By July 2022 the account was two months in arrears. Halifax contacted Mr M in August 2022 and warned him that unless a repayment plan was agreed the account might be defaulted. Mr M didn't make a repayment arrangement, and a default notice was issued in August 2022. In November 2022 Halifax

agreed a further 30-day hold and interest freeze and explained to Mr M that whilst the hold would stop any collections activity, the missed payments would continue to impact his credit file.

In December 2022 Halifax wrote to Mr M reminding him about the arrears and the default notice. It asked Mr M to make a repayment arrangement within 14 days, or they would end the agreement. Mr M didn't make a repayment arrangement and in January 2023 Halifax terminated the agreement with a balance of £2350.55. The account was subsequently sold to a third-party debt collection agency and Mr M has since repaid the loan in full.

Mr M has said that he wants the default removed from his credit file. I've looked at what happened in the months leading up to the default to see if Halifax acted fairly. Having done so, I'm satisfied that it did, I say this because at the point when the account was defaulted, it was more than three months in arrears. The Information Commissioners Office (ICO) guidance says that lenders can default an account where there are at least three months of arrears, and that lenders should default accounts where the arrears have reached six months.

I appreciate that Mr M has since paid the debt in full and wants the default removed from his credit file. I'm only able to ask a lender to amend a credit file where there's been an error and the default shouldn't have been recorded. In Mr M's case, I don't think Halifax has made an error. Halifax – like all lenders – is under an obligation to report accurate information to the credit reference agencies. Based on what I've seen, Mr M's account was correctly defaulted and the default was correctly reported to the credit reference agencies.

Mr M has also said that he doesn't think Halifax offered him enough support. I appreciate that the circumstances leading up to Mr M missing payments were outside of his control. However, Mr M was obliged to make payments each month. When he was unable to make payments, Halifax froze interest and placed a hold on the account and asked Mr M to agree a repayment plan. Based on what I've seen, Mr M didn't agree a repayment plan. In the circumstances, I don't think Halifax treated Mr M unfairly or failed to offer appropriate support.

For the reasons I've given above, I'm unable to uphold the complaint.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 March 2026.

Emma Davy
Ombudsman