

The complaint

Miss C complains that Bank of Scotland plc trading as Halifax, mishandled her student account after it was changed to a current account, by not displaying this on her banking app. She said this led to an unfair default being placed on her credit file.

What happened

Miss C said her student account wasn't visible on her Halifax banking app as Halifax created two profiles for her and she couldn't monitor the account and prevent arrears. She said she only became aware of an issue when Halifax contacted her in late November 2024 by which time the account was forgotten and left unmanaged for months through no fault of her own.

Miss C requested support, but said Halifax referred her to a team that was unavailable at the time. In January 2025, Miss C said Halifax claimed to have sent her a formal demand letter, which she did not receive and Halifax had not provided any proof of delivery. She said had she received the letter she would have acted immediately to resolve the situation. Halifax registered a default against Miss C in April 2025 that will last for six years.

Miss C complained to Halifax but said its response was unfair and biased and its final letter differed from her calls in that Halifax said the profiles were linked to different addresses. She said Halifax's call handler told her even with different addresses it should still show under the same profile. Miss C said Halifax hasn't met the standards under the Financial Conduct Authority's principles for Treating Customers Fairly. Miss C said since she became aware of the outstanding balance, she has arranged to pay the full amount on 28 August 2025.

Halifax said when Miss C's student account changed to a current account on 1 August 2024, fees were applied based on her overdraft usage. Halifax wrote to Miss C on 6 September 2024 confirming the account was in an unarranged overdraft. And on 26 September, Halifax sent a formal demand requiring Miss C to set up a repayment plan, pay the unarranged overdraft of £37.11 or repay the full overdraft of £1537.11 in the next 30 days. The letter said if no action followed, Halifax would close the account in two months' time, update her credit file with a default, and ask a debt collection agency to collect the debt on their behalf.

No payment was made, so on 2 November 2024 Halifax sent Miss C a further letter saying unless £37.11 (the amount over the agreed overdraft limit) was paid by 16 November, they would close her account. Miss C made payment of £38 on 29 November but Halifax said this was the last payment and overdraft charges caused her to exceed the overdraft limit again.

On 1 January 2025, Halifax wrote to Miss C asking for contact as she was over her arranged overdraft limit. With no contact, another formal demand was sent on 28 January stating that without acting on the arrears Halifax would close the account in two months' time, update credit file with a default and ask a debt collection agency to collect the debt. No payments were made, so Halifax closed the account on 2 April 2025 and applied a default on 4 April.

Halifax said Miss C couldn't view all accounts in her app, so she used an external browser. She paid £20 to the account on 23 September 2024 and Halifax's online record shows she was logging in and able to view the account. Halifax said it wrote and texted Miss C about

her account. It said when she asked for the daily fees to be frozen Halifax asked her to call its Financial Assistance Team the next day, but she didn't, and so it couldn't offer support.

Halifax said it sent all letters to the address Miss C confirmed as correct. Halifax said Miss C hadn't raised the banking app issue previously. Halifax held two profiles for Miss C which it said is normally when accounts are held at different addresses. Halifax said it's up to Miss C to manage her account, which she accessed regularly via an external browser until it closed.

Halifax said when an account is closed with an outstanding balance it can use agents to take ownership of what's owed or to collect the remaining balance. Once the outstanding balance is paid in full, the default will show as satisfied but will remain for six years from registration. If there are exceptional circumstances, Halifax said Miss C can add a factual statement to her credit file to explain the reason for the late payments, known as a 'Notice of Correction'.

Miss C disagreed with Halifax's handling of her complaint, not because of the default, but because it hadn't said why her account wasn't available on her banking app. She said Halifax had contradicted itself and its suggestion of a note to her credit file just shifts the burden back to her. She said Halifax was biased in its approach to her circumstances and the impact on her.

Miss C referred her complaint to our service saying she had been caused extreme emotional and practical harm, altering her financial position particularly her ability to buy a home and leave her current situation, which she said is harmful to her wellbeing. She said she isn't seeking compensation, but a fair resolution to an issue caused by Halifax's system failure.

Our investigator didn't recommend the complaint be upheld. She said the Information Commissioner's Office states that when a consumer is at least three months behind with their payments a default may be registered. As payments weren't made by Miss C when required, or for over three months Halifax had acted fairly when applying the default.

The investigator said the evidence shows Miss C was able to make payments, even though the account didn't appear on the app and Halifax gave fair warning of a default. She said Miss C made a payment in September 2024 and had logged in and viewed the account.

Miss C wasn't happy with this outcome and requested an ombudsman review her complaint. She said Halifax admitted two separate profiles were created, meaning her student account wasn't visible in the app and this was an ongoing barrier to managing her account. She said Halifax has not evidenced delivery or her receipt of its letters.

Miss C said the payments she made to her debt do not demonstrate she had full visibility of the account, only an attempt to engage when she '*happened upon the account via browser access*'. She said Halifax had discretion but chose to apply a default lasting six years, despite its failure. She said Halifax mishandled her complaint as it wasn't logged properly and merged with the original case, meaning the staff member reviewed his own actions, which lacked impartiality.

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.

Miss C complains about Halifax's systems that allowed her account not to show on its banking app. She said she didn't receive any urgent or clear notification that default action was imminent. She said this was unfair treatment. She would like the default removed from her credit file as she wasn't properly informed or given an opportunity to resolve her debt.

I have looked carefully at Halifax's actions and communications to see if it has followed the correct process in dealing with Miss C's debt and to see if it has treated her fairly. Having done so I think that it has, and I will explain my reasons.

The Consumer Credit Act requires correspondence such as regulatory letters and default notices to be sent via post. I've seen from Halifax's file notes a record of the dispatch of the required letters to Miss C about her debt. This matches with the copies of the letters sent to Miss C from September 2024 to April 2025, as described above. Whilst Miss C said she didn't receive the letters, Halifax's records show they were sent to her correct home address.

We cannot be certain about the arrival of a letter or if it has been read by the recipient so we accept evidence that shows a letter was sent to the correct address as sufficient proof of dispatch by the sender. From what I have seen, Halifax correctly followed the process we expect in notifying a debt and the implications of non-payment in terms of account closure and default to a credit file.

Halifax's terms and conditions for accounts give it permission to share account information and payment history with credit reference agencies about any relevant account activity. This includes non-payment of an overdraft or a repayment arrangement where one has been agreed. All banks are required to report accurate and timely information to credit reference agencies and from what I have seen Halifax reported the correct information about Miss C's account having told her it would report the defaulted debt to her credit file.

Miss C said of the default notification placed against her name; *'This default arose solely because Halifax failed to make my account visible within my banking app and relied on correspondence which I did not receive'*.

Halifax is correct to point out that it's a customer's responsibility to manage their account and this includes ensuring authorised and unauthorised debts are addressed. I can see it was inconvenient for Miss C that her former student account did not appear on her banking app, however the account was available online and in branch or by phone. Miss C said she didn't receive Halifax's correctly addressed letters but Halifax also texted her about the account.

Halifax said when Miss C responded on 24 November 2024, she said she had forgotten about the account. Halifax's records show Miss C then viewed her account online on 29 November 2024. And so, I do not agree with Miss C that the account not appearing on the app made monitoring her account 'impossible'.

From Halifax's records it appears that Miss C was interacting with her account. She made payments in September and November 2024 which brought the account under the overdraft limit. This indicates that she was aware there was an outstanding balance on the account, and that payment needed to be made. Halifax also sent us evidence of Miss C's online banking log, which shows that she was logging in and able to view the account in question. And so, it's not clear why Miss C said she wasn't aware of the issue in January 2025.

Miss C said had she known of the situation she would have taken immediate corrective action. Halifax provided Miss C with full details of the situation to be resolved, and the next steps and was entitled to continue efforts to recover the sum owed. When Halifax passed her debt to a collection agency on 20 May 2025 no further payments had been made.

I think it would have been fairly obvious to Miss C that not making any payment to her overdraft would lead to adverse credit notices and recovery action. I don't feel Halifax has acted unfairly in taking this action. Notwithstanding this, it would have been preferable for Halifax to have resolved the issue of the account missing from the banking app. Although there was no mention of this on Miss C's calls with Halifax, she is correct to say there were

two profiles in place for her accounts. Halifax has apologised to Miss C for this anomaly and I think this is a sufficient response as Miss C was able use an external browser.

I can also see that Miss C is unhappy with the way her complaint was dealt with, and this caused her to question Halifax's accountability and impartiality. Complaint handling is not a regulated activity, and so we don't consider this issue in isolation. However, I don't think Halifax contradicted itself in its responses to Miss C's complaint. Previous conversations with call handlers showed that Halifax was gaining an understanding of what had happened with the app, which was fully set out within its final response letter. I would add that I have not found evidence of bias in Halifax's handling and responses to Miss C's complaint.

I can appreciate Miss C's concern about the adverse impact on her credit score from the default notice, as this may affect her future credit applications. I was sorry to hear that the stress has caused her significant mental and physical strain. However, Halifax was entitled to close her account and place the default marker. Halifax is unable to amend the credit file data unless it is factually incorrect and it has explained to Miss C how she can add a note to her file with an explanation of her circumstances.

In conclusion, I think Halifax took reasonable steps to keep Miss C updated throughout the default process, including warnings of a default notice in 2024 and 2025. And I have not found that Halifax acted outside of the terms of the account agreement or unfairly in closing the account, referring the debt to a collection agency, or applying the default notice. Overall, I haven't seen enough to suggest Halifax did anything wrong in its handling and communication about Miss C's account and overdraft.

Our service investigates the merits of complaints on an individual basis and that is what I've done here. I think it's important to explain that my decision is final. I realise that Miss C will be very disappointed by this outcome though I hope she appreciates the reasons why it has been reached.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 18 March 2026.

Andrew Fraser
Ombudsman