

The complaint

Mr B and Miss S are complaining that Bank of Scotland plc trading as Halifax provided them with an overdraft which became unaffordable from January 2024 onwards.

What happened

Mr B and Miss S have held an overdraft with Halifax since June 2019. Halifax increased the limit several times over the years, with the last limit increase up to £950 happening in August 2021.

Mr B and Miss S complained to Halifax in February 2025 saying they should have realised when their overdraft usage worsened and provided support. They referred to changing jobs and Miss S going on maternity leave which both resulted in a drop in income and contributed to their persistent overdraft usage. Halifax responded to Mr B and Miss S' complaint in July 2025, saying their review found no affordability concerns.

Mr B and Miss S weren't happy with Halifax's response, so they referred their complaint to the Financial Ombudsman. An investigator assessed their complaint but didn't uphold it, explaining that it hadn't been unreasonable for Halifax to continue providing the overdraft over the years.

Mr B and Miss S didn't agree with our investigator, reiterating that their circumstances changed dramatically after January 2024. They explained that this led to a prolonged period of financial difficulty, but Halifax continued applying interest and charges.

Because an agreement couldn't be reached, the complaint has been passed to me to decide. In this decision, I'll only be considering the activity from January 2024 onwards, as this is the period Mr B and Miss S remain concerned about.

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 B and Miss S' complaint. I know this is likely to be disappointing, so I'll explain the reasons for my decision.

The crux of Mr B and Miss S' complaint is that Halifax didn't adequately review their overdraft usage and failed to provide the appropriate support. Halifax confirmed that they continually monitor overdrafts for signs of repeat usage and/or financial difficulties. This is in line with the relevant regulations, which also set out what steps a firm must take if they identify such signs. So, I've considered whether Halifax should have identified such signs and what steps they needed to take.

Mr B and Miss S confirmed their joint income between January 2024 and June 2025 (when they referred their complaint to the Financial Ombudsman) fluctuated between £2,700 and £3,100. Whilst this was paid into their sole accounts, they both gradually transferred most of

their income to their joint account throughout the month. As their monthly essential expenditure during this period was on average around £2,000, and they were jointly earning more than the £950 overdraft limit, they were able to come out of their overdraft most months.

I did note they remained overdrawn between 11 March 2024 and 17 April 2024 however this was a relatively short period, and Mr B and Miss S transferred around £2,600 into their joint account during this time. So, I'm not persuaded Halifax should have identified this as a sign of financial difficulties or repeat usage.

Mr B and Miss S then remained mostly in credit over the next few months, only relying on their overdraft for a few days at a time. I note there was a shift in the way Mr B and Miss S used their overdraft from September 2024 onwards. They appeared to be more consistently reliant on it than they had previously.

I accept that prolonged and repeated overdraft use can sometimes be an indication of financial difficulty. However, this is not the same as saying that prolonged and repeated overdraft use by a customer will always mean that they are, as a matter of fact, in financial difficulty. So, it's important for me to look at Mr B and Miss S' overall financial position to determine why they used their overdraft so much, and whether it ought to have been clear to Halifax that they were experiencing financial difficulties.

Miss S has explained her income became more unstable from September 2024 onwards and reduced overall, which is why their overdraft reliance increased. However, I can see Mr B and Miss S transferred between £2,500 to £3,000 each month from their sole accounts during this period. I also noted that their monthly essential expenditure remained on average, around £2,000. So, I'm persuaded Mr B and Miss S had enough disposable income each month to afford to repay the overdraft in a sustainable way. Rather, it appears to have been the frequency of the transfers from their sole accounts, as well as non-essential spending, that stopped Mr B and Miss S from repaying their overdraft during this period. I appreciate Miss S told us she was only able to increase her income some months by taking on additional shifts however I don't think Halifax were to know this from the information they could see on the statements.

It wasn't for Halifax to tell Mr B and Miss S how to spend their money. But they were expected to monitor their use and reach out if they noticed signs that they were repeat users of the overdraft – and that's what they did in June 2025. This correspondence would have reminded Mr B and Miss S overdrafts are intended for short-term use and made suggestions as to what steps might be helpful. This is what I would have expected Halifax to do in the circumstances.

I can see Mr B and Miss S provided their credit files as part of their complaint. Whilst I wouldn't have expected Halifax to look at these, I'm persuaded that even if they had, they would have found no signs of financial difficulty. Mr B and Miss S had a relatively low external debt, with no missed or late payments being reported.

I've also not seen that Mr B and Miss S made Halifax aware they were struggling with the overdraft until they complained about irresponsible lending in February 2025. I do note, however, that it took Halifax over five months to respond to their complaint. Considering they have an eight-week statutory period to respond to complaints, it's fair to say they ought to have reached out much sooner, especially considering they were aware Mr B and Miss S were struggling financially. Having said that, I'm not persuaded it would have made a difference even if they had. I say this because Mr B and Miss S didn't forward their complaint to the Financial Ombudsman until June 2025 and, as I mentioned above, I can't see they got in touch with Halifax after they sent them the repeat usage correspondence in June 2025.

Finally, I've not seen anything to suggest Mr B and Miss S reached out to Halifax for financial support to reduce (or even remove) the overdraft facility after they received the final response letter. I appreciate Mr B and Miss S didn't feel that Halifax's offer to stop applying the daily fees for 30 days was enough however, this is in line with what we'd expect a lender to do when their customers have told them they are struggling financially.

So overall, I'm not persuaded that Halifax not reaching out sooner made a difference here.

In conclusion, having carefully considered everything, I'm satisfied Halifax acted fairly in relation to Mr B and Miss S' overdraft facility.

Miss S has told us that she stopped receiving an income in November 2025. I'd like to remind Halifax of their obligations to support their customers when they're in financial difficulty and encourage Mr B and Miss S to reach out to Halifax if they require assistance.

Finally, I've also considered whether the relationship between Mr B and Miss S and Halifax might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Halifax lent irresponsibly to Mr B and Miss S or otherwise treated them unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I don't uphold Mr B and Miss S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Miss S to accept or reject my decision before 23 February 2026.

Amelie Makris
Ombudsman