

The complaint

Mr S complains about how Bank of Scotland plc, trading as Halifax, administered his current account.

What happened

The background to this complaint is well-known to both parties, so I won't set out the full detail here. What follows is a high-level of summary of events until this point:

- Mr S complained to Halifax about its administration of his current account. He was unhappy with several aspects, like the management of an overdraft, and late payment markers the bank had recorded on his credit file among other things.
- Halifax didn't uphold Mr S' complaint.
- Mr S referred his complaint to this Service, and an Investigator here thought it should be upheld in part. In summary, the Investigator said:
 - Halifax shouldn't have continued to offer Mr M an overdraft on the same terms once the account became his sole responsibility in September 2024. An assessment of his circumstances at the time likely would've determined the overdraft to be unaffordable. So, the bank should rework the account and refund any overdraft interest/fees/charges from September 2024. Halifax should also arrange a repayment plan with Mr S to clear any outstanding debt that remains.
 - Halifax should remove two late payment markers it recorded, in August and September 2024.
 - Halifax should pay Mr S £250 in recognition of some avoidable distress and inconvenience it had caused.
- Halifax agreed to rework Mr S' overdraft and to work on a repayment plan with him, it also said it would remove the late payment marker recorded in September 2024. The bank didn't, though, agree to pay £250 compensation or remove the late payment marker from August 2024.
- Our Investigator reconsidered and amended their view of the complaint. They now considered the late payment marker from August 2024 to be valid, and said it should remain, but they still thought Halifax ought to pay Mr S £250 compensation.
- Halifax again didn't think it should pay Mr S compensation.

As no agreement was reached, Mr S' complaint was passed to me. I contacted both parties, informally at first, to set out my provisional view of the matter. I said:

"As I understand it, Mr S is unhappy that Halifax recorded late payment markers against his credit file; he's also unhappy that Halifax didn't assess his ability to affordably repay an overdraft. The overdraft was linked to a previously joint account which, as of September 2024, is in Mr S' sole name.

From what I've seen, our Investigator thought Halifax was able to record late payment markers for instances which occurred in 2023, and in August 2024. That said, Halifax had offered to remove a late payment marker for September 2024. That was considered fair and reasonable by our Investigator, given that's when the account had changed to be in Mr S' name only.

Moreover, looking at the provision of the associated overdraft, the Investigator thought Halifax ought to have assessed Mr S' ability to affordably repay it when the account was changed to a sole account; the bank hadn't done so, but if it had it would've likely seen that Mr S was over-indebted. So, Halifax should remove the overdraft facility – something it ought to have done in September 2024 – and refund any interest/fees/charges incurred from that date. Any refund should be applied to the outstanding balance. An arrangement should be created for Mr S to repay the remaining balance, either long-term or short-term, and the bank should report the status of the account to Credit Reference Agencies ("CRAs"). Finally, the Investigator thought Halifax should pay Mr S £250 compensation because it hadn't informed him about a block which it had applied to the account. Mr S had only discovered the block after several weeks because a payment he'd tried to make towards the account had been returned.

Broadly, I agree with our Investigator's view of the matter. Based upon what I've seen, I think late payment markers recorded in 2023, and August 2024, are legitimate and an accurate reflection of the account's state at the time. So, I'm not minded to ask Halifax to remove those. I do, though, think that Halifax's offer to remove the marker from September 2024 is reasonable; the account was undergoing significant change at that time, and if the bank is happy to remove the marker in any event then I won't interfere with that. I also agree that Halifax ought to have assessed Mr S' wider financial position, and ability to repay the overdraft, when the account became his sole responsibility. It appears Halifax has agreed to refund interest applied from this date and I think that's a reasonable thing to do; so, again, I won't interfere there.

I take a different view to our Investigator when they recommended that Halifax pays Mr S £250 compensation for not informing about the block applied to the account. Based on what I have, I don't think the bank should be required to compensate Mr S. I say that largely because the impact of the block, if any, seems minimal; Mr S didn't discover it for a few weeks, but the event which alerted him to it was a returned payment – not a declined Direct Debit, a declined card payment while trying to pay for something, or any other such instance which would likely have caused inconvenience and/or distress. It's reasonably clear that the account wasn't being used in any event and, with that in mind, I don't think the inability to use it – or the lack of notice about the block – caused any real inconvenience. So, overall, based on what I have, I'm not minded to require Halifax to pay Mr S £250.

Rather, I think the following steps are an appropriate, fair and reasonable resolution to the complaint:

- Halifax should remove the late payment marker applied to Mr S credit file in September 2024, as it's said it will by way of goodwill gesture.*
- Halifax should refund overdraft interest from September 2024, as it's offered to do, and apply any refund to the outstanding balance.*
- Halifax should work with Mr S to reach an affordable repayment plan for the outstanding balance.*

- *If, as part of that process, Halifax defaults the account, then any default should be backdated appropriately; that's also something Halifax has already agreed to do.*

In my view, those actions will allow both parties to draw a line under this long-running dispute and move forward constructively...

Halifax agreed with what I'd set out. Mr S broadly did too, although he did have one question about his overdraft; in short, Mr S thought Halifax ought to have taken different steps at the time his account became his sole responsibility. I sent a further response to Mr S, which our Investigator also talked him through; I said:

"...Broadly speaking here, it isn't entirely possible to put you back into the exact position you would've been in when it comes to your overdraft. That's because the overdraft facility was available and it has been utilised, with some capital spent, and we can't undo what's already happened.

To that end, we have to think about the most reasonable way to put things right. With that in mind, our position is such that where we find a firm ought to have determined a credit facility – like this overdraft – was likely unsustainable, then we'd expect that the facility wasn't continually offered on the same terms. We'd also expect any interest and charges that have been applied to be refunded from the appropriate point in time, which here would be September 2024, when the account changed to your sole name, and for a repayment plan to be agreed if an outstanding balance remains. Such actions would, in our view, be a fair and reasonable way of putting things right in the circumstances. So, in short, Halifax ought to have realised, in September 2024, that it was unlikely the overdraft was affordable for you alone at the level it had reached; as such, it should've decided not to continue to provide that facility on the same terms and then take the other remedial steps I've set out. That's what I think it should do now.

This isn't to say I don't see your view, and I understand why you'd question whether the bank ought to have looked at other options. It may well be that Halifax could've come to an agreement with you to reduce the overdraft by a certain amount, for example, if it had determined that approach was appropriate at the time. But we don't know for sure; and in the absence of that, in terms of what our Service would recommend, we'd expect the business to carry out redress as I've described above.

I noted how you've requested that the terms of any potential repayment plan are arranged between you and Halifax, and that the bank waive interest. Halifax has said it agrees with what I previously set out to both parties, which included those points, so if you also accept what I've said here then we'll let the bank know; from there, you can work with Halifax directly...

Mr S asked 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.

Given both parties appear to broadly agree with my view of the matter, I'll simply set out what I consider to be the appropriate resolution to this complaint:

- Halifax should remove the late payment marker applied to Mr S credit file in September 2024, as it's said it will do by way of goodwill gesture.

- Halifax should refund overdraft interest from September 2024, as it's offered to do, and apply any refund to the outstanding balance.
- Halifax should work with Mr S to reach an affordable repayment plan for the outstanding balance.
- If, as part of that process, Halifax defaults the account, then any default should be backdated appropriately; that's also something Halifax has already agreed to do.

I'll add that if Mr S is unhappy with any new action Halifax takes – like, for example, what it records on his credit file moving forward – those concerns will need to form a separate complaint. Broadly speaking, and for general information, Halifax has a duty to record an accurate reflection of the account with Credit Reference Agencies. What exactly is recorded, though, will depend on what's agreed between Mr S and the bank following the conclusion of this complaint.

In closing then, I think Halifax has now agreed to take steps to resolve this complaint in a fair and reasonable way. So, that's what I require it to do.

My final decision

My final decision is that I uphold Mr S' complaint. Bank of Scotland plc, trading as Halifax, should now put things right as I've set out, and as it's agreed to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 March 2026.

Simon Louth
Ombudsman