

The complaint

Mr W complains that Bank of Scotland plc trading as Halifax (“Halifax”) acted irresponsibly when it allowed him to increase his overdraft limits because had it conducted proportionate checks it would have seen it wasn’t affordable or sustainable.

Mr C has also complained about how Halifax irresponsibly provided him with a credit card he couldn’t afford but that is subject to a separate complaint and so I’ll only be considering the overdraft issue in my decision.

What happened

The details of this complaint are well-known to both parties, so I won’t repeat them again here. The facts aren’t in dispute, so I’ll focus on giving the reasons for my decision.

Halifax partly upheld Mr W’s complaint in relation to the last credit limit increase in September 2023 and refunded interest and fees up to June 2025. As this is what I’d expect Halifax to do, in this decision I’ll be concentrating on the previous limit increases as detailed in our investigator’s view.

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 can confirm that I’ve reached the same conclusion as our investigator, for broadly the same reasons and don’t think that Halifax needs to do anything else.

I’m aware that I’ve summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I’ve focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I haven’t. I’m satisfied I don’t need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I’ve got is incomplete, unclear or contradictory, I’ve to base my decision on the balance of probabilities.

Halifax’s decision to increase Mr W’s limit from April 2021

In April 2021, Halifax increased Mr W’s overdraft limit from £500 to £750, then to £1,000 in January 2022 and then to £1,500 in June 2023.

In considering all these increases, I can see that on each occasion, Mr W demonstrated he had a sufficient monthly disposable income to pay off the overdraft in a reasonable period of time had he wanted to do so. The income he declared to Halifax and the disposable income he had left over each month meant the amount he was left with each month was sufficient to repay the facility. So I don't think Halifax did anything wrong when it agreed to the overdraft increases and the checks it conducted before doing so were reasonable and proportionate.

Halifax's responsibility to monitor and review Mr W's overdraft usage

The regulations put the onus on lenders that an overdraft isn't generally suitable for long term use. So as well as needing to act responsibly when it took the decision to grant the overdraft – ensuring that the overdraft was sustainably affordable without the need for Mr W to borrow more – Halifax also needed to monitor and review his overdraft usage. And where it identified a pattern of repeat usage, it needed to take steps to try and reduce it. But from the evidence I've seen, it doesn't appear that Mr W was over reliant on his overdraft and nor were there any signs of financial difficulty.

And although it was clear that Mr W was using his overdraft, he wasn't constantly overdrawn and his income returned him to a credit balance each month. And I can't say, from the evidence I've seen, that there were signs of financial difficulty. There was no adverse information showing on Mr W's credit file at the time of the increases and annual reviews that would have alerted Halifax that Mr W may be struggling financially and he appeared to be managing his other credit commitments well.

The regulations that cover overdrafts also make a distinct difference to the options a business has to consider between consumers that are repeat users of the overdraft AND show signs of financial difficulty, and those that don't. And although it's clear that Mr W was using his overdraft, I can't say that there was any obvious evidence of an over reliance on the facility or of any financial difficulty.

I appreciate that Mr W will be disappointed but having considered everything that both parties have said and submitted, I'm simply not persuaded, in the particular circumstances of this case, that Halifax did anything wrong and I won't be upholding this case.

Mr W has requested that Halifax remove any negative information from his credit file. However, Halifax have confirmed that no adverse credit information had been reported in relation to his account.

Did Halifax act unfairly in any other way

I've also considered whether Halifax acted unfairly or unreasonably in any other way, including whether the relationship between Mr W 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 W or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A 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 W's complaint against Bank of Scotland plc trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 2 February 2026.

Paul Hamber
Ombudsman