

## The complaint

Miss S and Mr T complain that Bank of Scotland plc trading as “Halifax” has continued enforcement action on a personal loan, despite a valid dispute being raised.

## What happened

I won't repeat all the facts of the case here, as those aren't in dispute. Instead, I'll focus on the reasons for my decision. I mean no discourtesy by this and can assure the parties I've considered everything on file – it's merely to reflect the informal nature of our service.

Halifax provided Miss S and Mr T with a personal loan in 2016. They repaid the loan in full, in 2019. Later, they submitted a Direct Debit Indemnity (“DDI”) claim and through this, received a refund for some of the payments they'd made. Following this, in December 2024, Halifax requested repayment of the refunded amount and went on to default and then sell the loan account to a third party. During this time, Miss S and Mr T contacted Halifax asking it to, amongst other things, answer a list of questions.

In summary, Miss S and Mr T complain that Halifax:

- Dismissed a valid dispute.
- Defaulted and sold the debt whilst there was an ongoing dispute.
- Sold the debt to a third party when they had withdrawn consent for Halifax to share and process their data.
- Breached several rules and regulations.

Because the parties couldn't agree, the matter has been passed to me to decide.

## 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.

In line with what I've said above about the informal nature of our service, I won't be responding to each of Miss S and Mr T's complaint points individually. Instead, I'll provide a response to what I believe is the crux of this complaint and what's relevant here. I have reviewed all of the evidence however in order to reach my decision.

Having considered all the evidence, I'm satisfied Halifax's offer to put things right is fair – and I'll explain why.

Miss S and Mr T make several points in their letters to Halifax which appear to be based on legal technicalities or some interpretation of certain Acts and laws. I don't think they're asking our service to make a finding on those points but for the avoidance of doubt, I want to make it clear that I won't be doing so. That means, as our Investigator has explained, I won't be commenting on the enforceability of this debt. That's something only a court can decide. We're here to provide an informal dispute resolution service, and while I'll take relevant law,

best industry practice, regulation and rules into account; it isn't my role, nor that of our service, to resolve legal queries of that nature.

The effect of Miss S and Mr T claiming back some of the payments they'd made towards the loan, through the DDI claim, is that those payments became due again under the credit agreement that Miss S and Mr T agreed to when taking out this loan. Whilst Miss S and Mr T have offered to provide further information about the DDI claim, I don't think I need to see this. That's because, the claim being successful doesn't have any bearing on whether Miss S and Mr T now owe this money to Halifax. I'm satisfied those payments remain due under the credit agreement Miss S and Mr T signed.

As repayments weren't made in line with the terms and conditions of the account, Miss S and Mr T's account was defaulted and recorded with the Credit Reference Agencies and the debt sold to a third party. I don't think Halifax acted unreasonably or unfairly here. It was entitled to collect an outstanding debt, owed to it.

However, I know Miss S and Mr T feel Halifax shouldn't have continued to recover the debt whilst there was a "valid dispute" ongoing. CONC 7.14.1R, sets out that debt recovery must be suspended where the customer disputes the debt on valid grounds – or what may be valid grounds.

Here, Halifax defaulted the account before providing a response to Miss S and Mr T about the matter. In fairness to Halifax, in my view, Miss S and Mr T provided conflicting information on whether they were disputing the debt. They seem to be saying both that they're challenging the debt but also that there isn't a dispute, rather they are "simply conducting an audit for my accounting purposes". But I don't think I need to make a finding on whether Miss S and Mr T raised a "valid dispute", nor whether Halifax defaulted the account too soon. That's because I'm satisfied Halifax were, ultimately, right to register the default, given the account was in arrears as Miss S and Mr T hadn't made payment. So, to tell it to change the default date to a later date, would only make things worse for Miss S and Mr T – as the default would remain on their credit files for longer.

Turning to Halifax's response to Miss S and Mr T's initial letter, Halifax didn't specifically provide answers to the list of, mainly legal, questions Miss S and Mr T had set out. But I don't think it was required to in context of whether the debt is owed. Halifax did respond to their first letter, having satisfied itself that the debt was correct and clearly communicated its reasons for that. Which is what's required of it, if the debt is being disputed. Halifax explained the debt remains payable and the information Miss S and Mr T sent, doesn't have any legal effect. And, that they signed a credit agreement which means they agreed to the terms of the loan. Halifax made it clear it wouldn't be responding to each of the individual points raised and that it isn't required to do so. And, if payment wasn't made, it'd be reported to the Credit Reference Agencies. The fact Miss S and Mr T continued to dispute this, doesn't mean that Halifax then had to suspend or continue to suspend recovery action.

With this in mind, it wasn't until after providing its response, that Halifax sold the debt. As I've explained above, there was no reason it couldn't continue with recovery action, so I don't think it was wrong or unfair of Halifax to do this here. And, as our Investigator has pointed out, the terms and conditions of the loan agreement, which Miss S and Mr T agreed to, allow Halifax to share their personal information in circumstances such as these. So, I think it was entitled to do so, in line with the agreement, even if Miss S and Mr T said they'd withdrawn consent for their information to be shared.

Also relevant, CONC 7.5.3 says: *"A firm must not ignore or disregard a customer's claim that a debt has been settled or is disputed and must not continue to make demands for payment without providing clear justification and/or evidence as to why the customer's claim is not*

*valid.*” But for the reasons explained above, I’m satisfied Halifax provided clear reasons to Miss S and Mr T, explaining why they were obliged to make payment.

There is also no obligation on Halifax to stop recovering the debt, simply because there’s an ongoing complaint. So, I don’t think it acted unreasonably here either.

Miss S and Mr T raise concerns about the fairness of how they’ve been treated by Halifax, under FCA principles and refer to several rules and regulations in relation to this. But for the reasons explained, I don’t think Halifax has treated them unfairly.

So, overall, I’m satisfied Halifax hasn’t made a mistake nor acted unfairly here.

When sending its submissions to this service, Halifax offered to agree to remove the default once the loan debt with the third party has been repaid. Given I don’t think Halifax has made a mistake here, I won’t be telling it to do this. So, if Miss S and Mr T want to take Halifax up on this offer, then they should discuss it with Halifax directly.

Halifax also acknowledged there was a delay in responding to Miss S and Mr T’s letter received in March 2025 and offered compensation of £150 for this. I think this is reasonable in all the circumstances. Having reviewed the letter, I’m satisfied it raised similar points to previous letters, which Halifax had provided an answer to already. Considering this, I don’t think any further compensation is warranted.

Miss S and Mr T have, since their complaint was brought to this service, raised issues about the amount Halifax are asking them to repay. I can see from the loan statement, addressed to Miss S and Mr T, that Halifax has added interest to the amount owing. In principle, I don’t find this unsurprising as, Halifax are entitled to charge interest at the rate set out in the credit agreement. However, if Miss S and Mr T now have concerns about the amount being charged, as our Investigator has explained, this will have to be raised with Halifax before our service can get involved.

Finally, Miss S and Mr T raised some concerns about Halifax treating some of their correspondence as a complaint. This falls outside the remit of our service. That’s because a complaint about complaint handling isn’t an activity which falls under the scope of our jurisdiction.

### **My final decision**

It is my decision that Halifax’s offer of £150 is a fair way to settle this complaint. Therefore, it is my decision that Halifax should pay Miss S and Mr T £150 if it hasn’t done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S and Mr T to accept or reject my decision before 19 March 2026.

Sophie Kyprianou  
**Ombudsman**