

The complaint

Mr Z complains that Bank of Scotland plc trading as Halifax closed his credit card account and reported late payments and a default on his credit file.

What happened

Mr Z holds a credit card account with Halifax.

The account fell into arrears in April 2025 when Mr Z missed his payment. Mr Z contacted Halifax on 17 April 2025 and explained that he was experiencing financial difficulties. Halifax agreed to place a 30 day hold on the account. A letter was sent to Mr Z confirming this on 23 April 2025.

Mr Z sent an income and expenditure statement to Halifax in April 2025 which showed a deficit. Halifax contacted Mr Z on 1 May 2025. During the call the agent discussed account closure with Mr Z, but Mr Z said he wanted more time to think things through, so the 30 day hold was left in place.

Halifax spoke to Mr Z again on 10 May 2025. He advised the agent that he expected to be able to clear all his debts within three months. The agent agreed to set up a nil payment plan which was due to expire on 8 August 2025. A letter was sent to Mr Z confirming this arrangement on 10 May 2025. Mr Z was made aware that he needed to contact Halifax before the payment plan ended.

Mr Z didn't contact Halifax before the payment plan ended. On 15 August 2025 Halifax wrote to Mr Z asking him to make contact.

Mr Z complained to Halifax on 24 August 2025. He said he was awaiting the release of equity from his former marital home, which was due no later than December 2025. He said he was unable to repay the outstanding balance in full and asked whether Halifax would accept a partial settlement. He asked for all interest and charges to be frozen and was unhappy at the prospect of his card being closed. The agent advised Mr Z that the bank wouldn't be able to consider Mr Z's request for a partial settlement until the account had been defaulted and closed.

On 4 September 2025 Halifax issued a formal demand and default notice. This stated that if Mr Z didn't make a payment to clear his arrears, then the account would be closed.

Halifax sent an initial response to Mr Z's complaint on 16 September 2025. The response explained that whilst interest had been frozen on the account since April 2025, it was unable to accept a partial settlement offer without the account being closed and defaulted. The letter outlined the steps needed for consideration of such an offer and explained the implications for Mr Z's credit file. The letter confirmed that interest would remain frozen under the current arrangement and asked Mr Z to contact the Customer Financial Assistance Team.

An update letter was sent to Mr Z on 6 October 2025 confirming the position as set out in the letter dated 16 September 2025 and advising that – given Mr Z's ongoing financial difficulties

– closing the account would be the best option, as this would enable more flexible repayment arrangements including reduced payments over an extended period with interest and charges frozen indefinitely.

The account was defaulted and closed on 11 October 2025, and a letter was sent to Mr Z confirming this.

Mr Z complained to Halifax. He said he hadn't received Halifax's final response letter and didn't feel that his complaint had been handled fairly. He wasn't happy that his account had been defaulted and closed. He said he wanted his account re-opened and his credit file amended. He also requested a reduction to his outstanding balance.

A final letter was sent to Mr Z on 13 November 2025 in which Halifax confirmed that the previous complaint responses had been sent within the relevant timescales and that the decision to close the account was due to Mr Z having been assessed as long term financial difficulty, which fell outside the scope of short-term support options.

Mr Z remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. They explained that this service wasn't able to consider complaints about complaint handling as this is outside our jurisdiction. The investigator said they were satisfied that Halifax had made Mr Z aware that if he wasn't able to pay after the three-month nil payment plan ended, and there was no improvement in his financial situation, the account would be closed. The investigator also said they didn't think it was unfair of Halifax to default the account after a period of three months on a nil payment plan and no payments having been made at all for six months. The investigator said they didn't agree that Halifax's communication was poor and said that they were satisfied that Mr Z had been kept reasonably informed at each stage of the process.

Mr Z didn't agree. He said he'd made repeated attempts to work with Halifax and had offered a reasonable full and final settlement. He said Halifax's failure to engage with his payment proposal had worsened his financial and credit position.

Because Mr Z didn't agree I've been asked to review the complaint.

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.

I know it will disappoint Mr Z but I agree with the investigator's opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on those points which are most relevant to my decision. If I don't comment on a particular point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I appreciate that Mr Z is unhappy about the way in which Halifax handled his complaint. He's said that he didn't receive the final response letter and that his complaint hasn't been properly responded to. I'm unable to look into this for Mr Z – as the investigator explained, it's outside the jurisdiction of this service to investigate complaints about complaint handling.

Mr Z has said that Halifax failed to respond positively to his settlement offer, placed him under financial strain and worsened his credit position. I've had regard to the points raised by Mr Z in considering this complaint.

I've set out the timeline of events above in the "What happened" section above. I won't repeat everything here. It isn't in dispute that Mr Z missed his April 2025 payment. It isn't in dispute that Mr Z made Halifax aware that he was experiencing financial difficulties in May 2025. And it isn't in dispute that a nil payment plan was set up for three months in May 2025.

What is in dispute is the timescale within which Mr Z said he was going to be able to repay the account. Mr Z says he told Halifax that he was waiting for funds to be released from his former marital home and that these funds would be available by December 2025. Halifax's system notes record that Mr Z told them in May 2025 that he would be in a position to pay in full within three months.

I can see that a letter was sent to Mr Z on 10 May 2025 confirming the payment plan and its duration. The letter required Mr Z to contact Halifax before the payment plan ended to discuss the next steps. Regardless of whose version of the timescale for repaying the account is the correct one, I think it was clear from that letter that the payment plan was only in place until 8 August 2025 and that Mr Z needed to take steps to contact Halifax before the plan expired. I can't see that Mr Z did this.

I can see that further letters were sent by Halifax on 15 August 2025 and 4 September 2025. The letter dated 4 September 2025 included a default notice which made it clear that if Mr Z didn't make a payment the account would be closed.

I can't see that Mr Z responded to these letters. I appreciate that Mr Z had by this time filed his initial complaint and put forward proposals for a partial settlement, which Halifax had rejected. But he didn't make a payment in response to the default notice.

Looking at the letters that Halifax sent to Mr Z on 4 September 2025 and 23 September 2025, I think that Halifax made it very clear that if no payment was received then the credit agreement would be terminated. I don't agree with Mr Z's assertion that the communication from Halifax was contradictory, or that there was delay. I'm satisfied that Halifax sent letters to Mr Z at regular intervals and kept him advised of each stage of the process. I appreciate that Mr Z may not have agreed with the process and wanted Halifax to accept his partial settlement offer instead. However, Halifax isn't obliged to accept a settlement offer and based on what I've seen, it had clearly communicated this to Mr Z and had explained the circumstances in which it could consider partial settlement which was after account closure.

I understand that Mr Z is unhappy that the account was closed and defaulted. Having reviewed everything, I don't think it was unreasonable for Halifax to default the account. The relevant guidelines state that a lender can default an account where there are three to six months of arrears. Once the arrears reach six months then a lender is expected to default the account to avoid creating a situation where the customer ends up in further debt. In this case, I can see that the arrears on Mr Z's account had reached six months. So I don't think Halifax made an error when it defaulted the account or that it treated Mr Z unfairly.

With regards to Mr Z's request for the account to be re-opened and for his credit file to be amended, this isn't something I can ask Halifax to do. I say this because I haven't found that Halifax made an error when it closed and defaulted the account. Halifax – like all lenders – is under an obligation to report accurate information to the credit reference agencies. In this case the arrears on the account and the default are being correctly reported, as this reflects what happened on the account.

For the reasons I've explained, I'm unable to uphold the complaint.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 20 May 2026.

Emma Davy
Ombudsman