

The complaint

Mr W complains that Bank of Scotland plc, trading as Halifax, irresponsibly provided him an overdraft.

In bringing his complaint, Mr W is assisted by a professional representative; for ease though, I'll refer to all actions as being those of Mr W.

What happened

Mr W held an overdraft with Halifax for several years; I've set out the history of the lending below:

Date	Event	Limit
July 2002	Opening limit	£100
February 2006	Limit increase	£200
July 2006	Limit increase	£400
September 2006	Limit increase	£600
October 2006	Limit increase	£1,000
February 2007	Limit increase	£1,200
July 2014	Limit increase	£1,500
October 2014	Limit increase	£1,800
September 2017	Limit increase	£2,500

In 2023, Mr W complained to Halifax that it had irresponsibly provide him the credit. In summary, he said Halifax had failed to ensure the overdraft was affordable.

Halifax didn't uphold Mr W's complaint. The bank said it wouldn't review events which had happened more than six years before Mr W had raised his complaint – it considered those concerns to have been brought out of time; for other lending decisions, Halifax thought it had acted appropriately in the circumstances. Essentially, the bank said it had carried out suitable checks – which Mr W had successfully passed – and it had continued to provide the overdraft on that basis.

Mr W referred his complaint to this Service. An Investigator here thought we could consider *all* of Mr W's complaint; upon review, Halifax agreed and it provided its consent for us to investigate all events Mr W had complained about. The Investigator then moved to evaluate the merits of Mr W's complaint, and they didn't think it should be upheld. In summary, they said:

- Information was certainly limited given the passage of time. There wasn't persuasive evidence to suggest that Halifax had acted unfairly or unreasonably in providing Mr W with the overdraft, or in allowing him to continue using it. Rather, while he was making regular use of the overdraft, Mr W didn't appear to show signs of financial difficulty or having problems managing his finances.
- The Investigator considered Mr W's account to have generally received a healthy amount of income; there was a large amount of non-essential spending, and Mr W seemingly had the ability to significantly reduce – or pay off – his overdraft in a reasonable time if he wished.
- So, for any annual overdraft review or lending decision undertaken here, there wasn't enough to say Halifax had acted unfairly or unreasonably.

Mr W disagreed, and while he didn't provide any further comments he asked for an Ombudsman's decision. So, as no agreement has been reached, his complaint has been passed to me.

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.

At the outset, I'll say that I haven't commented on each and every point Mr W has raised. The Investigator has already provided substantial detail in their initial assessment of the matter, so I won't cover all of the same ground here. Instead, I'll focus on the crux of Mr W's complaint and the reasons for my decision. Fundamentally, our role is to be an informal service; I don't intend any discourtesy in my concise approach, it's simply to align with that purpose.

Due to the time that's elapsed we don't have all the information relevant to Mr W's complaint; while we have some detail, both Halifax and Mr W can't provide certain things which would allow us to fully understand the circumstances at the time. While the lack of information isn't necessarily surprising given the time that's passed it does mean that, broadly, I can't say at all that Halifax completed proportionate checks – when relevant guidance required it do so – and I equally can't determine a suitable insight into Mr W's wider financial situation either.

It's also worth saying that prior to 2010, a lender's obligations and responsibilities were much more limited; certainly not the same as they are now. For example, the concepts of irresponsible lending, borrower focused assessments and proportionate checks were not part of the expectations or requirements before that time. Many of the lending decisions Mr W has complained about here occurred before 2010; and the fact is that given the limited information available, as well as the different requirements on lenders then, I don't have enough to say Halifax did something wrong in relation to those lending decisions or the continued provision of the overdraft at that time.

Looking past 2010, it appears, from the information I do have, that Mr W began receiving regular income into this Halifax account around mid-2012. That said, there's little essential spend and it seems Mr W had an alternative account elsewhere; various transfers, and the apparent lack of priority or essential bills leaving the Halifax account for some time allude to that.

Having reviewed Mr W's bank statements which are available, and the other evidence on file, it's clear Mr W used the overdraft regularly over the years; he was a repeat user. Even so, it's also true to say that Mr W's account was frequently brought back into credit too. Inbound payments generally created a reasonably healthy balance when received and, overall, I'd say that Mr W was managing the account in such a way which suggested his overdraft was sustainable; so, in its reviews, at the points it was required to carry them out, that's likely what Halifax would've seen.

That pattern appears to be, broadly, how the account was run over the years – and such a theme isn't, in itself, necessarily an indicator of financial difficulty. In fact, without obvious signs of financial stress, I don't think Halifax would've had pressing cause for concern. Mr W's account didn't show regularly returned items, like direct debits, nor did it indicate that he was reliant upon other borrowing elsewhere. The overdraft didn't go above its limit aside from the odd occasion, but it seems it was quickly brought back in-line again when it did, and there wasn't anything in the transactions Mr W was making to suggest he was struggling or couldn't afford to repay.

Instead, there appears to have been substantial non-committed, non-contractual and discretionary transactions from Mr W's account. Indeed, I think it's fair to say a significant proportion of his expenditure was discretionary; money was being moved to and from Mr W's accounts elsewhere too. In my view, the credits going into Mr W's account suggested he could have cleared his overdraft within a reasonable period of time had he wished to do so. And while Mr W was sometimes close to his limit, or even exceeding it on rare occasions, he was also able to clearly demonstrate a consistent ability to pay the overdraft back down again. I accept that doesn't categorically mean Mr W wasn't experiencing difficulty, but I can't use hindsight; the information available to me indicates, on balance, that Mr W could repay what he could owe.

Overall, in my view, while it's clear Mr W was persistently using his overdraft, I don't think Halifax would've considered that he fell into the category of actual or potential financial difficulties. That isn't unreasonable. He was in receipt of a steady income, didn't have items returned unpaid, demonstrated a significant amount of non-essential spend, and I've not seen evidence of a reliance on short-term finance like payday loans.

All of that said, I have also considered what I would expect Halifax to have done in view of Mr W's repeat use. I've kept in mind that I wouldn't have expected the bank to categorise him as being in financial difficulties, and I noted it did write to him, in 2022, about his regular overdraft usage – although I've not seen that it sent anything else to him aside from that.

I think, on balance, it's more likely than not more letters were sent – which, in my view, would've been proportionate action in the circumstances here – but I can't say for sure; and in any event, even if Halifax didn't contact Mr W as it likely should've done, I don't think Mr W's use of his overdraft (and Halifax continuing to allow him to use it) was causing him to incur high cumulative charges that were harmful to him. That's largely because, as I've said, I don't think it was unreasonable for Halifax to add the fees/charges it did given Mr W wasn't displaying signs of financial stress. His account was, after all, being used in a way which attracts such costs.

In closing then, for the reasons I've explained, and in all the circumstances, I don't find that the evidence I have seen is enough for me to say that Halifax acted irresponsibly or otherwise unfairly in allowing Mr W to use his overdraft in the way that he did. I haven't seen anything to suggest that S140A of the Consumer Credit Act 1974 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.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 6 March 2026.

Simon Louth
Ombudsman