

## **The complaint**

Mr S complains that Bank of Scotland plc, trading as Halifax ('Halifax') acted irresponsibly in the way it provided him with an overdraft facility between 2019 and 2021.

## **What happened**

Halifax agreed to give Mr S an overdraft of £500 in November 2019. It went on to agree increases, to £1,000 in August 2020 and then to £1,500 in June 2021.

Mr S says Halifax shouldn't have given him the increases and failed to properly monitor how he used his overdraft.

Halifax agreed it lent irresponsibly when increasing his overdraft in June 2021 and so gave Mr S a refund of interest and charges from June 2021 to September 2025.

Mr S says Halifax ought to have upheld his complaint from January 2020. Our investigator didn't agree and thought the decision to increase the overdraft in August 2020 was fair, based on the way Mr S was using his account.

As Mr S disagrees, his complaint has been passed to me for a 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.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mr S's complaint.

Having considered everything, I'm not upholding Mr S's complaint. I'll explain my reasoning below:

- I think the checks Halifax used when agreeing to the initial overdraft November 2019 and the first increase in August 2020 were reasonable and proportionate, given the overdraft limit being granted and what it knew about Mr S's financial circumstances.
- I think the checks Halifax had in place before it agreed the first increase were enough to monitor and review Mr S's overdraft usage. Although he was making regular use of his overdraft, there were no significant signs of financial distress such that Halifax needed to intervene, with Mr S able to pay for a number of non-essential items.
- The Consumer Credit Sourcebook ('CONC') identifies the difference between repeat overdraft use that suggests potential or actual financial difficulties, and repeat overdraft use that does not. So, gambling transactions won't usually require action by a business unless they suggest a risk of financial hardship. And I think that was the

position with the gambling transactions Mr S was making in mid-2020 which I can see had gone on to increase steadily in frequency in the first half of 2021.

- By June 2021, when Halifax increased the overdraft, the situation had changed and it could be seen that Mr S had started to gamble more heavily than before and might be becoming financially overstretched. So, without going further into what was happening with Mr S's account, I think Halifax has been fair in making an offer from this point.
- I don't think Halifax has acted unfairly in any other way.
- I've thought carefully about everything Mr S has said in response to our investigator's findings. I don't have anything material to add, having seen how our investigator responded to the points he raised. I will add that I wouldn't usually expect a single returned direct debit in April 2021 to be enough on its own to alert Halifax to take immediate action and intervene.

This means I think the compensation Halifax has given is fair and so I don't require it to do anything more.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Halifax lent irresponsibly to Mr S or otherwise treated him unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I know this isn't the outcome Mr S hoped for. But for the reasons I've given above, I'm not asking Halifax to do anything more than it has already done to put things right.

### **My final decision**

My final decision is that I'm not upholding this complaint and I don't require Bank of Scotland plc, trading as Halifax, to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 February 2026.

Michael Goldberg  
**Ombudsman**