

## **The complaint**

On 19 July 2018, Bank of Scotland plc trading as Halifax provided Mr S with a loan of £20,000. It was to be repaid in 84 monthly instalments of £289.74. On 14 May 2025, Mr S complained to Halifax. He said the loan was provided irresponsibly as it was unaffordable for him.

## **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.

## **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.

There are time limits for referring a complaint to the Financial Ombudsman Service, and Halifax thinks this complaint was referred to us too late. Our investigator explained why he didn't, as a starting point, think we could look at a complaint about the lending decisions that happened more than six years before the complaint was made. But he also explained why it was reasonable to interpret the complaint as being about an unfair relationship as described in Section 140A of the Consumer Credit Act 1974 (s.140A), and why this complaint about an allegedly unfair lending relationship had been referred to us in time.

For the avoidance of doubt, I agree with our investigator that I have the power to look at the complaint on this basis. I think this complaint can reasonably be considered as being about an unfair relationship as Mr S says the loan was unaffordable for him. This may have made the relationship unfair as he had to pay more in interest than he could afford. I acknowledge Halifax still doesn't agree we can look at this complaint, but as I don't think it should be upheld, I don't intend to comment on this further.

Given what Mr S has complained about, I need to consider whether Halifax's decision to lend to him, or its later actions, created unfairness in the relationship between him and Halifax such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr S's relationship with Halifax is therefore likely to be unfair if it didn't carry out proportionate affordability checks and doing so would have revealed its lending to be irresponsible or unaffordable, and if it didn't then remove the unfairness this created somehow.

I've decided the loan was provided fairly for the following reasons:

- Due to the time elapsed, Halifax is unable to provide all the information it used to assess Mr S's application. I don't find this surprising as businesses aren't required by law or good industry practice to hold records indefinitely – typically, they hold data for around six years. But Halifax has been able to provide some of the data, so I've used

what's available to reach my decision.

- Halifax has shown us that Mr S applied for the loan for the purpose of debt consolidation. When he applied, he declared a monthly earned income of £1,275, plus an investment or rental income of £237 per month. He said he also received £400 per quarter from another source, which I've taken to be £133 per month. So his total monthly income was £1,645. He declared his mortgage as being £403 per month.

Halifax used that information and carried out a review of Mr S's credit file. Unfortunately due to the time elapsed between the lending decision and Mr S raising his complaint, Halifax can no longer provide the details of what it saw on his credit file. That being so, I can't say for sure that the checks Halifax carried out were reasonable and proportionate.

Credit files only record information for six years, so obtaining a recent copy from Mr S will not provide the information Halifax would have seen at the time, so I'm not going to be able to reach any finding on what his file would have shown.

But Mr S has been able to provide details of his bank account. While there was no obligation on Halifax to review his bank statements at the time, I've had a look now to get an idea of what his financial situation was then, and what Halifax might've seen.

Having done so, I can see that Mr S received income at the level he declared (or a little more). His payments to his other creditors – which were refinanced by this loan – were similar, but as the majority was credit card debt, it will have been incurring more interest than this loan. The statements show no indication of any financial difficulty such as unpaid items. Mr S did use his overdraft but only for a few days each month and well within his limit. So I don't think that Halifax was likely to have seen any sign of financial strain in Mr S's credit file.

- Based on the information Halifax has been able to provide, and what it knew about his circumstances, there was nothing to suggest Mr S was likely to be unable to sustainably repay what he was being lent.
- I've looked at contact notes provided by Halifax since the loan was granted, and Mr S's repayment history (he repaid the loan in full on 24 July 2021). I've seen nothing which suggests Mr S contacted the bank about difficulties repaying the loan or missed any payments to it. I don't think Halifax acted unfairly in any other way.

This means I don't think Halifax did anything wrong when it provided the loan to Mr S.

I've also considered whether the relationship might have been unfair under s.140A. 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 above, I'm not asking Halifax to do anything to put things right.

### **My final decision**

My final decision is that I'm not upholding Mr S's complaint about Bank of Scotland plc trading as Halifax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 March 2026.

Richard Hale  
**Ombudsman**