

The complaint

Miss D has complained that Bank of Scotland Plc, trading as Halifax, were irresponsible in providing her with a loan in November 2024.

What happened

Halifax provided Miss D with a loan for £4,409 in November 2024, requiring monthly repayments of £420.96 for twelve months.

Miss D says the lending decisions were irresponsible. She says the checks carried out were insufficient and a more thorough check would have revealed that the required repayments were unaffordable.

Halifax reviewed Miss D's complaint and didn't uphold it. They were satisfied that appropriate checks were carried out prior to approving the loan. They felt that there was no indication that the repayments were unaffordable.

An investigator then reviewed the merits of Miss D's complaint but didn't think Halifax had lent irresponsibly.

Miss D disagreed and because an agreement couldn't be reached, she asked for an Ombudsman to review all the facts and 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.

Having done so, I'm not upholding this complaint. I know this will disappoint Miss D, so I will explain why.

In reviewing this complaint, I've only considered matters that occurred and were complained about to Halifax, before the final response letter was issued, in line with the rules this service must follow.

The rules and regulations in place at the time Halifax provided Miss D with the loan required them to carry out reasonable and proportionate assessments of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Halifax had to think about whether repaying the loan would cause difficulties or adverse consequences for Miss D. In other words, it wasn't enough for Halifax to consider the likelihood of them getting the funds back – they had to consider the impact of any repayments on Miss D.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Halifax did what they needed to before providing the loan.

Halifax used information declared by Miss D and they did credit reference agency (CRA) checks to help them decide whether the loan was affordable for Miss D.

Miss D declared an annual income of £22,500 which Halifax verified to represent a net monthly income of £1,577.

The CRA information showed only a small amount of existing debt, with no adverse markers reported, but Miss D had been using her overdraft facility which, at the point of application, was around £1,500. Some of the proceeds of this loan were to be used to clear the overdraft.

Miss D declared housing expenses of £150, and Halifax estimated essential living expenses to be just over £600, along with monthly payments of around £30 for existing credit. This demonstrated to them, that Miss D would be able to afford the repayments for this loan, and have a remaining disposable income of around £300.

On this basis, Halifax considered the checks to have been proportionate and approved the loan.

I've reviewed the information that was available at the time of the loan and completed my own affordability assessment. Having done so, I am comfortable that, after verifying Miss D's income, Halifax took a reasonable approach for assessing her non-discretionary expenditure, using figures from Miss D's application where available, and reasonably calculated figures where they weren't.

In her correspondence with this service, Miss D has been very open about her financial difficulties and other challenges, and I'd like to thank her for her openness. It isn't disputed that Miss D hadn't shared details of her vulnerability with Halifax prior to the complaint.

Ultimately, from the information available to Halifax, I am comfortable there was nothing yet evident with regards to financial difficulty, that should have prevented them from proceeding with the loan as described, or that would have required them to perform further checks.

In reaching my conclusions, I've also considered whether the lending relationship between Miss D and Halifax might have been unfair to Miss D under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Halifax did not lend irresponsibly when providing Miss D with the loan, or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A of the CCA would, given the facts of this complaint, lead to a different outcome here.

My final decision

It's my final decision that I don't uphold this complaint against Bank of Scotland Plc, trading as Halifax, for the reasons explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 9 March 2026.

David Barker
Ombudsman