

## The complaint

Mrs M complains that Bank of Scotland plc t/a Halifax (“Halifax”) provided credit to her irresponsibly and the credit was unaffordable. She further complains that Halifax didn’t provide her with help by way of a repayment plan or payment holiday when she got into financial difficulties; and Halifax sold her account to a third party when there was no need to do so.

I’ve issued a provisional decision on this complaint which Halifax have accepted. Mrs M has confirmed that she did not notify Halifax of her change in financial circumstances until after the credit card was issued in December 2023. I see no reason to depart from the findings I reached in my provisional decision. My final decision is therefore as follows and in accordance with my provisional decision.

## What happened

In December 2023 Mrs M applied for and received a credit card from Halifax. It had an initial credit limit of £500. This limit was not increased.

Mrs M subsequently complained to Halifax. She said firstly that they were not a responsible lender. Secondly, when she got into financial difficulties due to a shortfall in income her complaint wasn’t handled at all as Halifax failed to make contact with her and she was discriminated against. Thirdly, her account was sold to a third party when there was no need to do so because she could have come to a reduced payment arrangement.

Halifax looked into the complaint and issued a final response letter in May 2025. Firstly, they said that having reviewed bank statements the repayments were affordable when the account was first opened. Secondly, they had sought to engage with Mrs M when they became aware of missed payments. Thirdly, the debt was sold to a third party in April 2025 following Mrs M’s default. They had no influence over how the purchaser managed the account post the sale. Overall they didn’t uphold the complaint.

Mrs M didn’t accept Halifax’s response and therefore referred her complaint to our service. One of our Investigators looked into it. He thought that Halifax had carried out proportionate checks given the credit limit. They did not need to gain a better understanding of Mrs M’s financial circumstances. As there was nothing to suggest that Mrs M wouldn’t be able to repay the credit in a sustainable way, he couldn’t agree that Halifax had acted unfairly by providing the credit to her.

Regarding the forbearance issue, he said that Halifax could not be held responsible for not offering further support beyond what they did. He further said that Halifax had kept Mrs M suitably informed of the status of the account and the consequences of not paying the outstanding sums due. Regarding the debt sale, he said that the debt was sold because the account had defaulted. Overall he didn’t recommend that her case be upheld.

Halifax didn’t dispute this position but Mrs M did and asked for an Ombudsman’s decision. The complaint as set out above has been passed to me to decide. Mrs M has

raised separate concerns about the debt purchaser, however this decision will focus solely on Halifax's actions.

### **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.

Our approach to complaints about irresponsible and unaffordable credit provision and about forbearance is set out in detail on our website. I've used this approach to help me decide Mrs M's complaint. For example, I've considered the rules and guidance on responsible lending relevant to the time of the card being issued, and relevant to forbearance, set out in the Financial Conduct Authority's ("FCA") Consumer Credit Sourcebook ("CONC").

There is no set list of the checks Halifax had to do. What constitutes a proportionate affordability check will depend upon a number of factors including, but not limited to, the amount, type and cost of the credit Mrs M was seeking as well as her overall financial circumstances.

I've kept all of this in mind when considering whether Halifax did what was required before providing the credit to Mrs M.

#### *Issuing the card*

When Mrs M applied for the card, she was already a Halifax customer with existing accounts including two current accounts. She declared an annual gross income by way of benefits of £30,000, assessed by Halifax to give a monthly net income of £2,035. This was validated by credit reference agency data and information Halifax already held. So, I think Halifax did take reasonable and proportionate steps to verify Mrs B's income.

Halifax went on to assess Mrs M's monthly expenditure based on statistical information, modelling, Credit Reference Agency ("CRA") data and information provided by Mrs M. Halifax recorded Mrs M's essential living costs at £596, housing costs at £50 and unsecured credit commitments at £60. Their checks showed that it was likely that Mrs M would have had enough disposable income to afford the credit.

The applicable rules and guidance do not require a lender to see full evidence of expenditure in every case. Instead the lender has discretion about how they conduct checks to satisfy themselves that lending is affordable to applicants. This includes the consideration of statistical data where it is reasonable and proportionate to do so. I think that was the case here for when Halifax issued the card.

Halifax also examined Mrs B's existing credit commitments. No County Court Judgments ("CCJs") were shown by the credit search. There were no recent defaults or missed payments. Whilst there were two defaults shown, the most recent was 42 months old and they totalled at most £800. I consider this to be historic and not indicative of the way in which Mrs M used credit when the card was issued.

Overall, Halifax's checks showed that Mrs M's existing credit was well maintained and was being serviced without any recent recorded issues.

Considering the modest amount of credit, I think that the checks carried out by Halifax were reasonable and proportionate. I do not think Halifax needed to carry out further

checks before issuing the card to gain a better understanding of Mrs M's financial circumstances.

It appeared that she had sufficient disposable income to meet the product repayment costs and so the credit was likely to be affordable for her. Taking all these factors into account, I don't think Halifax treated her unfairly in their decision to provide her with this credit.

### *Forbearance*

I've considered whether Halifax did what was required when they became aware of Mrs M's changed financial circumstances.

The account history shows that Mrs M first exceeded the credit limit on the card in May 2024. The limit continued to be exceeded for each of the following months prior to Halifax issuing a Default Notice on 30 November 2024. In addition Mrs M made no payments against the card in each of September, October and November 2024.

After Mrs M started to exceed the credit limit:

- Halifax's debt management notes indicate that they tried to send various text messages to her in July and August 2024 looking to discuss her card account; and Halifax have subsequently confirmed they were sent. I have considered whether it was reasonable for Halifax to have waited until July before commencing contact. The amounts of the limit excesses were small, and Mrs M was making payments. I think it was reasonable for Halifax to have acted as they did;
- There was telephone contact between August 2024 and February 2025 during the course of which Mrs M requested a one-month payment holiday in August 2024;
- Halifax directed her to internal and external sources for any help she might need with her financial situation;
- Halifax wrote to Mrs M immediately following her request as above, agreeing to the one-month payment holiday. They also sent a suite of arrears letters between July and November 2024 in accordance with their general process, setting out what Mrs M should do because of the missed payments; and what would happen given continuing default. Mrs M has suggested that she did not receive these letters, but Halifax have confirmed that they were sent to the address they held for her.

In the absence of any payment by Mrs M by the date specified in the one-month payment holiday offer letter, Halifax sent a Default Notice on 30 November 2024. I think Halifax acted fairly and reasonably when they issued their Default Notice. The credit limit on the card had been exceeded every month from May 2024 onwards. No payments had been received since August. An arrangement to pay had been entered into and broken by Mrs M; and she had otherwise failed to engage with Halifax concerning the amount she owed.

Overall I think Halifax did comply with their forbearance obligations when they became aware of Mrs M's changed financial circumstances.

### *Debt sale to third party*

I think that Halifax acted fairly and reasonably when they sold Mrs M's debt to a third party. The Default Notice included reference to Halifax having the option to sell the debt to a third party in the continuing absence of payment. Mrs M was aware of the possibility of such a sale.

#### *How Mrs M's complaint has been handled*

Mrs M says in her complaint to Halifax that her complaint wasn't handled at all as Halifax failed to make contact with her and she was discriminated against. I have set out above the steps taken by Halifax when Mrs M started to exceed the credit limit on the card; and then started to miss due payments. I think Halifax thereby acted reasonably and fairly by making the contact they did, including the issue of the Default Notice.

The complaint concerning discrimination is not addressed by the Investigator. I have considered it. This service is not able to make findings on whether something constitutes discrimination pursuant to the Equality Act 2010 ("the Act"). This is because we are an informal, free alternative to the courts and only a court of law can make a legal finding based on the contents of the Act. However I can consider whether a business has acted in a fair and reasonable manner, taking a number of things (including the Act) into account. For the reasons set out in this decision, I think Halifax have acted in a fair and reasonable manner in their dealings with Mrs M.

Overall, whilst it will likely come as a disappointment to Mrs M:

- I've not seen anything in the checks that ought to have caused Halifax to need to understand more about her circumstances; or to take the decision not to have provided the card in December 2023;
- Nor do I think that Halifax failed to comply with their forbearance obligations when they became aware of her changed financial circumstances;
- I think Halifax acted fairly and reasonably when they took the decision to default the account; when they issued their Default Notice; when they sold Mrs M's debt to a third party; and in terms of how they handled Mrs M's complaint.

I've also considered whether the relationship between Mrs M and Halifax might have been unfair to Mrs M under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already given, I don't think that Halifax provided credit irresponsibly to Mrs M.; or failed to comply with their forbearance obligations; or otherwise treated her unfairly in relation to this matter. Nor have I seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here so far as Halifax is concerned.

#### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 13 May 2026.

Richard Ellison  
**Ombudsman**